

NATO Set to Toughen Role in Bosnia UN Agrees to Rules That Make Punitive Air Strikes Deadlier

By Joseph Fitchett
International Herald Tribune

THE HAGUE — NATO and UN officials were in agreement Friday on tough guidelines for punitive air strikes in Bosnia, saying they would occur more swiftly, without detailed warning and be directed against several targets.

The new tactics were sought by the United States and other NATO governments irritated by United Nations rules that signaled the combatants exactly where and when to expect any attack, thus exposing the NATO pilots to greater risks of being shot down.

Summing up the new rules, a NATO official said, "Now the UN understands that if you call us for help, we're going to do it our way."

But he acknowledged that his "if," referring to the requirement for UN approval of any air strike, remained a big question mark about the North Atlantic Treaty Organization's military action in Bosnia.

The new rules will not in themselves alter the apparent UN reluctance to make greater use of air strikes, especially for the purpose of enforcing the exclusion zones around Sarajevo and other Bosnian cities where tanks and artillery are banned.

But several NATO officials expressed hope that the UN secretary-general, Boutros Boutros Ghali, in letting his aides accept the tougher plans, was signaling a

readiness to authorize air strikes to back up the Security Council resolution on exclusion zones.

This option, which is the only aspect of air power in Bosnia affected by the accord, involves a double-key system of approval by both NATO's local commander and by the UN chain of command under Mr. Boutros Ghali.

"Now we'll have to see what Boutros tells his representative in Bosnia and what he

Serbs threaten to shell Sarajevo if Bosnian forces pursue their offensive. Page 2.

tells the generals commanding the UN peacekeeping forces there," a senior NATO diplomat said. "But we've got sharper teeth if the UN wants to bite."

The test could come quickly. Lieutenant General Michael Rose, the top UN commander, warned Bosnian Serbs on Friday that they could expect "punishment" if they proceeded with a threatened shelling of Sarajevo. His reluctance to authorize ground attacks by NATO planes has irritated Washington, which sees air power as a way of increasing the credibility of Western pressure on the Bosnian Serbs.

While only partly easing that diplomatic tension, the new rules were seen as a significant improvement by NATO officials.

"The new agreement gives us a basis for more robust, more effective use of air power

to push the peace process and reduce the ability of the Bosnian Serbs to drive a wedge between NATO and the UN," according to Robert Hunter, the U.S. ambassador to NATO.

NATO's secretary-general, Willy Claes, giving his first public speech in his post, described it as "an important step" that showed growing UN recognition that NATO, while seeking to help enforce international decisions, operates as a "sovereign organization" that has its own views about how to do a military job.

Both men made their comments in The Hague, where they had addressed a meeting of Atlantic Treaty Associations from NATO's 16 member nations.

Late Friday in Brussels, NATO ambassadors, apparently pleased with UN concessions made late Thursday in New York, approved the accord.

Significantly, officials said, both Britain and France, despite their concern to avoid escalation that might jeopardize their troops on the ground as UN peacekeepers, joined the United States in backing the tougher accord.

Under its terms, NATO commanders in Bosnia can send planes against several targets, probably three or four, that have some connection to any heavy weapon that appears in a prohibited zone or fires on a

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Israelis Glum on Clinton's Syria Trip

By Clyde Haberman
New York Times Service

JERUSALEM — Despite public attempts to put a bright face on President Bill Clinton's diplomatic mission to Damascus, Israeli officials said Friday that they had heard nothing new to suggest that they were closer to peace with the Syrians.

The four assessment was also reflected in the Israeli press, which described the results of Mr. Clinton's several hours in Syria on Thursday as meager to the point of failure.

"Pretty depressing," a commentary in the newspaper Ha'aretz said, singling out the failure of President Hafez Assad to condemn terrorism publicly, even though Mr. Clinton said that the Syrian leader had done so earlier in private.

"It's not very much, not very much at all," an official close to Prime Minister Yitzhak Rabin said.

On balance, the remarks Friday were far gloomier than those offered by Israeli leaders on Thursday, when they had put a positive spin on Mr. Clinton's trip. Then, they said nothing to contradict Mr. Clinton's conclusion that he had nudged the two countries closer to each other and that Syria's leaders "understand that it is time to make peace."

But Mr. Rabin sounded glum in an interview published Friday in the newspaper Yedioth Ahronoth. "I am not certain what the Syrians say in peace," he said. "It isn't certain when they are prepared to normalize relations with us, if at all."

Still, Israeli officials did not write off the Clinton trip as a failure. Given Mr. Assad's cautious style, they said, they had not expected a genuine breakthrough, especially in a week when the Middle East spotlight was not on Damascus but on the

peace treaty signed two days ago by Israel and Jordan along their desert border.

Some officials agreed with Mr. Clinton's evaluation that progress had been made on the core issues dividing the countries: Israel's insistence on full, normal relations with the Syrians and Syria's demand that it first get back the entire Golan Heights, lost to the Israelis in the 1967 war.

Mr. Clinton said that Mr. Assad had made offers in their private discussions that pointed to progress, and some senior officials here agreed. But they declined to say what the proposals were, adding that they fell short of a breakthrough.

Basic questions include what exactly Mr. Assad's definition of peace is, how far and how fast is Mr. Rabin prepared to withdraw from the Golan Heights and what security arrangements — perhaps in-

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President Raises GI Hopes of Going Home

By Ann Devroy
Washington Post Service

CAMP DOHA, Kuwait — President Bill Clinton gave restless American soldiers a broad hint Friday that they would be home from the Gulf for Christmas as he ended his four-day Middle East tour with one foot in international politics and one in domestic politics.

Standing on a platform resting on two battle tanks in a mini-military theme park

constructed as the set-for-a-day, Mr. Clinton performed what has become a commander-in-chief ritual after a successful military action.

He saluted the troops and touted the success of the operation, in this case driving Iraqi troops back behind the 32d parallel.

But what the men and women of the 24th Infantry Mechanized Division wanted was not a salute, but a message that they

would soon be going home and redress for a pay grievance.

They got both. Mr. Clinton's brief stop here to highlight the Gulf success — timed to be carried live on the morning television shows in the United States — included a healthy dollop of presidential self-promotion in the foreign policy arena, an area where the president had not been held in high regard.

He cited the signing of the peace agreement between Jordan and Israel that he witnessed and said he was honored by the role America had played in that and in "restoring President Aristide and democracy in Haiti, in helping to make real progress toward an end to the violent conflict in Northern Ireland, in helping South Africa's democracy to succeed, in building a new partnership with Russia."

Clinton aides have long said that improving his own standing with the public before the midterm elections would help Mr. Clinton be less of an issue for Republicans to run against, and with the heavy diplomatic lifting of this visit behind him, domestic politics have now begun to take center stage.

After less than two days' rest from a grueling, six-country marathon, Mr. Clinton faces eight straight days of campaigning out of Washington.

The made-for-TV event here was one sign of the renewed electioneering. A Patriot missile battery stood next to a Bradley Fighting Vehicle in the desert sand. Artfully draped camouflage netting hid White House communications gear.

The president's helicopter swooped low over the desert as the soldiers assembled to hear their work in the Gulf saluted as "the steel in the sword of American diplomacy."

Another sign of approaching elections was Mr. Clinton's last statement from Saudi Arabia before he left for a flight home. Mr. Clinton touted new government fig-

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VIOLENCE AT PRAGUE RALLY — A policeman arresting an anarchist after clashes between skinheads and anarchists erupted during a rally Friday of the rightist Republican Party marking the Czech National Day.

Washington Cuts Off Aid to Gambia

WASHINGTON (AP) — The United States cut off aid to Gambia's military rulers on Friday and called on them to restore democratic civilian rule within 12 months.

A State Department spokesman, David Johnson, said that Gambia had enjoyed 29 years of "uninterrupted democratic rule" until military officers overthrew the government of Sir Dawda Kairaba Jawara three months ago.

Mr. Johnson added that in the year that ended Sept. 30, U.S. aid to Gambia had amounted to \$10.9 million.

U.S. and Canada Switch Time

Standard time returns to most parts of the United States and Canada on Sunday. Clocks will be turned back at 2 A.M. to 1 A.M.

Book Review

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 40 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Comoros.....1.40 CFA	Gator.....8.00 Riols
Egypt.....E.P. 5000	Reunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....300 Dr.	Spain.....200 PTAS
Italy.....3,600 Lire	Tunisia.....1,000 Din
Ivory Coast.....1,120 CFA	Turkey.....T.L. 35,000
Jordan.....J.D. 1.50	U.A.E.....8.50 Dirh
Lebanon.....U.S.\$ 1.50	U.S. Mil. (Eur.) \$1.10

Dow Jones		Trib Index	
Up	55.51	Up	0.75%
3830.66		116.89	
The Dollar			
New York	1.51	1.4988	
DM	1.624	1.636	
Pound	97.28	97.00	
Yen	5.1665	5.1325	



Alexander I. Solzhenitsyn during his Moscow speech on Friday.

Solzhenitsyn Speaks Out But Russia's Deputies Shrug Him Off

By Steven Erlanger
New York Times Service

MOSCOW — In a searing, sometimes caustic lecture to Russia's Parliament, the writer and historian Alexander I. Solzhenitsyn appealed Friday to those in power to worry less about their privileges and care more about the suffering of ordinary citizens, confused by so much change.

In his thin, reedy voice, standing at a podium bearing the double-headed eagle, Mr. Solzhenitsyn tried to bring to the deputies the cares and concerns of the people he had met on his long train ride across vast Russia, a trip he took after he returned home in May from 20 years of exile in the United States.

"Having visited many of Russia's re-

gions, having met with hundreds of people and having received thousands of letters," he said, "I have an impression our population is discouraged, that people are stupefied, in shock from their humiliation and shame because of their weakness. People doubt that the government's policy and reforms are in the interests of the people."

Dressed in his trademark, military-style jacket and with a long beard that reminded many of a religious figure from an icon, Mr. Solzhenitsyn repeated well-known themes, but his first official speech had the feeling of an important occasion.

He said that freedom had not brought Russia true democracy, only the persis-

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Synod Offers Nuns Wider but Vague Role

By Alan Cowell
New York Times Service

ROME — Responding to appeals from religious women, a synod of Roman Catholic bishops on Friday promised nuns greater, if unspecified, participation in the running of the Roman Catholic Church, but appeared to exclude them from the highest ranks of the male-dominated Vatican bureaucracy.

The synod made its decision after a month of debate in which American clerics in particular pressed for a wider role for what the church calls consecrated women. The debate highlighted a divide between the perceptions of female religious responsibilities in the industrialized North and the developing South.

Some participants said the decision could make a difference for nuns in the developing world but would do little to advance their role in the United States. It did not address the issue of women's ordination.

A synod message published one day before Pope John Paul II was to formally end the gathering Saturday said that "consecrated women should participate more in the church's consultations and decision-making, as situations require."

It did not give details, and the cautious wording seemed designed to avoid giving the impression that a new principle was being enshrined.

The synod had been called to discuss the position in the modern world of those men and women who consecrate their lives to religion through vows such as poverty, chastity or obedience: nuns, priestesses, friars and other members of religious orders.

While the future power of nuns had been the most contentious issue, only 59 of the synod's 348 participants were women, even though women form almost three-quarters of all the "consecrated" people in the Roman Catholic Church.

The synod message referred only briefly to the position of nuns, saying, in part, "their service to God's people and to society in various fields of evangelizing — pastoral activity, education, care of the sick, the poor and the abandoned — make visible the motherly face of the Church."

And, at a news conference later, Cardinal Eduardo Martinez Somalo, who heads the Vatican department responsible for "consecrated" people, made it clear that some of the top positions in the Curia, as the Vatican's central administration is known, would still be reserved for men since they could be filled only by priests.

Roman Catholic doctrine, strongly reinforced by the Pope, insists that only men may be priests because Jesus chose only men as his apostles.

"As far as those positions where sacramental orders are required, the borderline is already marked," the Spanish cardinal said. "I don't think I can respond in a more concrete way because we find ourselves bound by these general principles."

The Vatican's various dioceses — the rough equivalent of government ministries — are headed by cardinals, with a bishop in the No. 2 position and a monsignor as No. 3.

"There will have to be a gigantic effort to change the culture before women are allowed to hold senior positions in the Curia," said Sister Michelle Olley of the National Coalition of American Nuns.

"You have some countries where women can't do anything and this will help there," said Bishop James Timlin of Scranton, Pennsylvania, referring to the synod's message. "You have other countries such as the United States where women are involved in practically everything that does not require the priesthood. This practice is going to spread to other parts of the world gradually."

A Son Who Helped His Father Be a 'Pioneer in Death'

By Esther B. Fein
New York Times Service

NEW YORK — William F. Meyer Jr. drew his last breaths with his head encased in a plastic bag. It was an inelegant but expedient way to end his life instead of succumbing slowly to the cancer that had begun in his colon and spread to his lungs.

"I happily decided that it was more kind and thoughtful of me to terminate my life before I reached a decadent condition of helplessness," the 88-year-old Mr. Meyer wrote in a letter that he had photocopied, addressed, stamped and left to be mailed to some 80 friends and relatives.

The police officers who were summoned to his house in West Hartford, Conn., the morning of July 31, 1991, by Mr. Meyer's 65-year-old son, William F. Meyer 3d, concluded that the older man had committed suicide.

Late last month, the same officers arrested the son. After a magazine published Mr. Meyer's account of how

he helped his father kill himself, he was charged with second-degree manslaughter. If convicted, he faces 10 years in prison.

Helping someone to commit suicide is illegal in all 50 states, but few cases are ever prosecuted. Most of the thousands of people who each year, experts say, help friends, relatives or patients end their ailing and troubled lives do not publicize their actions. Mr. Meyer did.

"I was so frustrated that there is still no answer for all these very anguished people who face painful deaths," Mr. Meyer said in an interview at his home in Westport, Conn., after his arrest. "They need this issue raised. My father was a leader in life, and by my telling his story he has become a pioneer in death."

First in an interview three years ago with The Westport News, then in other publications, and finally in an article in Connecticut magazine this August, Mr. Meyer recounted how he had watched that night as his father swallowed a dozen prescription painkillers, then helped

him slip the plastic bag over his head and secure it in place with five thick rubber bands.

To keep his father from yanking the bag off in a reflex, as he had in his first attempt at ending his life, Mr. Meyer said that he restrained the older man's hands until, after a struggle, he slipped into unconsciousness.

"I held his hands back," Mr. Meyer said, according to Connecticut magazine. "He kept reaching up. He kept trying to take the bag off. Like when someone's drowning, you know how they struggle? They throw their arms up because they're going down for the third time. It's because you're losing oxygen and you're gasping for breath. You fight to stay alive. He struggled for about five minutes."

James E. Thomas, the state attorney in Hartford, said he would not comment on whether his office chose to prosecute Mr. Meyer because he admitted that he had

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مكنا من النمل

Home Sweet Home for Yeltsin Remains a Deep Dark Secret

By Margaret Shapiro
Washington Post Service

MOSCOW — The president of the United States lives in the White House. The queen of England lives in Buckingham Palace. The president of Russia lives in... Well, good question.

You might think that in a democratic society, the residence of the top elected leader would be no mystery. But it is a measure of how old ways persist that this simple question — where does President Boris N. Yeltsin actually rest his head? — is treated as something akin to a state secret.

Two weeks of telephone calls to press secretaries and other officials, countless faxes and even an exploratory mission to a likely location failed to settle the matter.

Mr. Yeltsin, as everyone knows, works at the Kremlin, regularly stays at a government dacha in the leafy countryside outside Moscow and for years lived in a cramped apartment on a noisy downtown shopping street. It was from this apartment, shared with a daughter and her family, that Mr. Yeltsin saw fit to give a homey television interview before a crucial nationwide referendum on his leadership in April 1993.

But whether Mr. Yeltsin and his family have moved to several spacious apartments in a new luxury building on the outskirts of Moscow, as several Russian newspapers have reported, was apparently too delicate a question for officials to answer.

"I'm not denying or confirming anything,"

said the press secretary for Mr. Yeltsin's security service, to whom questions were referred by the Kremlin press office. Mr. Yeltsin's press office had insisted on a fax request for the information and promised to respond to it after consulting with security officials, but they never did.

"I am not authorized to discuss this issue with the press," said the head of the department that allocates apartments and dachas for government officials.

"I am not going to give you information on who lives in that building or how the apartments were given out," snapped the official who heads the local government office in the Krylatskoye region, where Mr. Yeltsin purportedly now resides.

Locals living near the sand-colored, six-story apartment building, overshadowed by dingy high-rises, said they had not spotted Mr. Yeltsin or his fast-moving motorcade yet, although his wife, Naina, has been seen shopping at a swank new supermarket in the neighborhood.

They had seen other famous people go into the well-guarded building — which features an imposing and impenetrable steel fence, guard posts, underground parking, lighted tennis court and carefully manicured grounds and playground — but they offered no names.

"It's best not to talk about these things," said a man with a shrug as he worked on a car in the parking lot of the building next door.

Serbs Warn Bosnia Not to Press Attack

By Roger Cohen
New York Times Service

ZAGREB, Croatia — A Bosnian Serbian commander on Friday threatened to resume the shelling of Sarajevo if Bosnian government forces pursue an offensive in northwestern Bosnia that has brought their most decisive victory against the Serbs in the 31-month-old war.

General Dragomir Milosevic, the Serbian commander in the Sarajevo area, said he would order the shelling of "selected targets" in Sarajevo in the event of new attacks by what he called "Muslim fanatics."

The Bosnian offensive, which broke through Serbian lines surrounding the government-controlled Bihac pocket and has led to the capture of about 150 square kilometers (58 square miles) of territory, stalled Friday as soldiers sought to consolidate the new front line and bring up logistical support, United Nations military observers said.

But, as over 7,000 Serbian refugees continued to flee southward and eastward, there was no sign of any Bosnian Serbian attempt to retake the lost territory.

[At the United Nations, the United States introduced a resolution in the Security Council to lift the arms embargo on Bosnia in six months unless Bosnian Serbs agree to end the war. The Associated Press reported.]

General Milosevic's threat came as international mediators announced that the foreign ministers of Croatia and Serb-dominated Yugoslavia had agreed to begin a series of meetings aimed at normalizing relations between the two countries, which went to war in 1991.

A tenuous truce has held between them since early 1992.

The announcement amounted to the strongest indication

yet that the Serbian president, Slobodan Milosevic, may be ready to follow up on his abandonment of the Bosnian Serbs by accepting a compromise on the status of Serbs now occupying close to a third of Croatia.

It also suggested that President Franjo Tudjman of Croatia, who has wavered between allying himself with the Muslims against the Serbs or with the Serbs against the Muslims, may be dallying once again with the notion of a Serbian peace first.

Such a peace might place strains on the Muslim-Croat federation in Bosnia.

Western diplomats say that the compromise being worked on would involve the Croatian Serbs gaining considerable autonomy, including the right to their own parliamentary assembly and their own flag, in exchange for recognition of the international borders of Croatia.

On Thursday, the Croatian Serbs, who have declared their own republic in an area they call the Krajina, held a meeting with Croatian officials, the first direct encounter between them for several months.



Sarajevans waiting Friday to cross the Brotherhood and Unity bridge linking government and Serbian-held sides of city.

Accord Is Seen on EU Commissioners

By Tom Buerkle
International Herald Tribune

BRUSSELS — Jacques Santer has reached broad agreement on the sharing of jobs in the next European Commission, reducing the risk that a weekend meeting of his new team will erupt in a clash of egos, commission officials said Friday.

A decisive outcome would be just the tonic for Mr. Santer.

The skills of the Luxembourg prime minister were widely questioned after he was chosen as a last resort to replace Jacques Delors as president of the European Union's executive agency, while the commission itself is under attack from national capitals that want to trim its powers.

"We need to have a strong beginning," said Ritt Bjerregaard, Denmark's commission nominee who is expected to take charge of environmental matters.

The main question mark ahead of the meeting on Saturday, which will be held at Luxembourg's Senningen Chateau, involves a dispute over responsibility for Eastern Europe between two incumbents: Leon Brittan, the trade commissioner, and Hans van den Broek, commissioner for foreign political affairs.

The portfolio is arguably the most important because membership for Eastern Europe will be the Union's top strategic goal in coming years, and will influence reforms of EU spending priorities and governing structures.

Sir Leon and Mr. van den Broek have shared a leading role on Eastern Europe so far, but Mr. Santer wants to abandon the current division between trade and political matters and organize foreign affairs along geographic boundaries.

Sir Leon has been offered trade policy and relations with developing countries like the United States and Japan, but he has argued vigorously in meetings with Mr. Santer to retain Eastern Europe, sources close to him say. Mr. van den Broek, a former Dutch foreign minister, has welcomed the offer of Eastern Europe but does not

want to lose control over efforts to forge a common EU foreign policy.

EU officials said it was unlikely the meeting would founder on this dispute. Sir Leon has limited bargaining power, having failed to win support outside Britain in his campaign for the commission presidency earlier this year and being tarnished by the anti-EU credentials of his Conservative Party.

Manuel Marin, commissioner for development policy, is expected to get Latin America, the Mediterranean and perhaps developing countries in Asia. Karel van Miert of Belgium is expected to stay in charge of competition policy. Martin Bangemann will stay at industry but may share some responsibilities with Edith Cresson, the former French prime minister, who is favored for research.

Anger in Italy On EU Choices

Reuters

ROME — Italy named an economist and a radical politician as its European Union commissioners Friday after an acrimonious dispute that exposed deep tensions in the government.

Prime Minister Silvio Berlusconi made the decision after his cabinet failed to agree in a nine-hour session that went to midnight.

The naming of Mario Monti, 51, chairman of the Bocconi University business school in Milan, was never in doubt. But the appointment of Emma Bonino, 46, a deputy from the Radical Party, was disputed until the last minute. It sparked immediate criticism from within the coalition and from the leftist opposition, which had hoped for one post.

In Ulster, Old Foes Step Out on New Path

By James F. Clarity
New York Times Service

DUBLIN — For the first time since sectarian warfare began in Northern Ireland 25 years ago, the political representatives of the outlawed Irish Republican Army sat at a peace table Friday with political leaders from the North and the Irish Republic.

Some officials and analysts here and in the North noted that while the invitation was a reward for ending the killing, it also meant that the IRA had succeeded in bombing and shooting its way to the negotiating table.

As Gerry Adams, the president of Sinn Féin, the IRA's political wing, took his place at the Forum for Peace and Reconciliation at Dublin Castle, sitting around him were Roman Catholic and Protestant political leaders who were no longer vilifying him as a cynical mouthpiece, his colleagues as murderous IRA henchmen.

For the Irish government of Prime Minister Albert Reynolds, the meeting with Mr. Adams was the first formal one in the peace effort Mr. Reynolds has advanced with Prime Minister John Major of Britain, a kind of group-therapy, confidence-building session of former enemies designed to lead to broader and more substantial talks that would include all parties to the Northern Ireland conflict.

"It's a historic day," Mr. Reynolds said as he arrived at the castle, the former seat of British colonial rule.

For Mr. Reynolds and many Irish politicians, Mr. Adams was invited as a reward for reaching the IRA cease-fire in the North, which took effect Sept. 1.

The presence of Mr. Adams and the IRA at the negotiating table overshadowed, for the moment, serious differences between Dublin and London on how the peace process should move ahead.

The two governments are trying to work out delicate problems on how to formulate a new political status for Northern Ireland without losing the support of people in Ireland who think the North, a British province, should be part of the Irish Republic, and people in the North and in mainland Britain who think it should remain part of the United Kingdom.

The forum, to meet weekly, is to air all the major problems that are expected ultimately to be dealt with in talks involving the Irish and British governments, and all the political parties from the Republic and the North.

Among the issues that are still to be discussed are the disarmament of the paramilitaries and the withdrawal of British troops and the establishment of North-South institutions.

WORLD BRIEFS

U.S. and Seoul Set Smaller Maneuvers

SEOUL (Reuters) — The United States and South Korea, which agreed last week to cancel their major annual military exercise as a gesture to North Korea, announced Friday that a smaller, seven-day exercise would be held next month.

A spokesman for the U.S. forces in Korea said the combined field training exercise would involve the majority of the more than 36,000 American troops in South Korea and 650,000 local soldiers. Unlike the annual maneuvers, in which tens of thousands of additional U.S. troops are flown to South Korea, the smaller maneuvers would only involve troops already based in the country, he said.

The announcement is expected by observers to anger Communist North Korea, which has denounced past joint exercises as rehearsals for invasion.

Germany Holds Syrian as Missile Spy

BERLIN (AP) — A Syrian accused of stealing U.S. Patriot missile secrets for his country's intelligence service has been arrested by German authorities, prosecutors said Friday.

The suspect was identified only as a 43-year-old doctor living in the state of North Rhine-Westphalia. "He had access to the material as a worker for a company engaged in weapons materiel disposal," said Rolf Hannich, spokesman for the Federal Prosecutor's Office in Karlsruhe. He would not identify the company or say where the suspect had obtained the material.

The man is also accused of taking documents about German mines and a radio receiver from the German Army. Mr. Hannich said it was too early to say how damaging the espionage, which began around 1992, had been to the U.S. and German militaries.

U.S. Jail Population Passes 1 Million

WASHINGTON (NYT) — The number of inmates in America's prisons has topped 1 million for the first time in the nation's history, the Justice Department said, releasing a survey that reflected decades of demands for tougher punishments.

The survey, conducted by the Bureau of Justice Statistics, found that 1,012,851 men and women were in state and federal prisons on June 30.

The number of inmates has soared in comparison with the nation's population over two decades, the survey said. In June there were 373 people in prison for every 100,000 U.S. residents, for record. In 1980, the figure was 139 per 100,000.

5 Die in 5th Day of Somali Clan Strife

MOGADISHU, Somalia (Reuters) — Inter-clan fighting erupted in the battered Somali capital for a fifth straight day Friday, killing at least five people as factions defied UN calls for peace.

Residents said 12 people were also wounded in the fighting between clans that started in a central district and spread along the "Green Line" dividing Mogadishu.

Major Richard McDonald, chief military spokesman for the UN Operation in Somalia, said there was intense fighting near Mogadishu's port, with both sides firing rifles, heavy machine guns, mortar shells and anti-tank rockets.

France Reaffirms Islamic-Scarf Ban

PARIS (Reuters) — France said on Friday it would strictly enforce a ban prohibiting Muslim girls from wearing Islamic head scarves in secular schools, saying democratic principles were at stake.

A total of 25 students have been expelled from France's state schools, including 17 from a high school in Lille this past week, since the government began a crackdown on religious fundamentalism in schools.

"We will be firm to the end in applying our principles," Education Minister François Bayrou said in a radio interview.

Paris Probes Phone Taps on Ex-Aide

PARIS (Reuters) — French judicial authorities ordered an investigation on Friday into the bugging of the office telephone of Gérard Longuet, the industry minister who resigned this month over corruption probes.

The prosecutor's office at Metz, in the Lorraine region, where Mr. Longuet has his political seat, announced the probe. Mr. Longuet filed a complaint that maintenance technicians had found a microphone the size of a sugar cube inside a floor plug connecting his personal line at the Lorraine Regional Council office in Metz, said his chief aide Patrick François.

Correction

The People column in Wednesday's issue incorrectly described the Nobel prize-winning writer Derek Walcott as Trinidadian. He is a native of Saint Lucia.

TRAVEL UPDATE

BA Boosts Service to South Africa

JOHANNESBURG (AFP) — British Airways will increase its nonstop flights between Johannesburg and London to nine a week with a new weekend flight starting Nov. 4, the airline said Friday.

The new flight, for nonsmokers only, will leave Heathrow airport on Fridays, arriving in South Africa on Saturday mornings, and will depart Johannesburg for London on Saturday evenings.

A station for high-speed TGV trains will open Nov. 13 at Roissy-Charles de Gaulle airport near Paris and will offer direct service to various French cities as well as London and Brussels, officials announced. They said the station was expected to serve from 300,000 to 450,000 passengers next year. (AFP)

Scandinavian Airlines System said it would add a daily flight to its Copenhagen-Riga and Copenhagen-Stuttgart routes Monday and resume flying to Zagreb, Croatia, on Nov. 5. SAS currently operates two daily flights to Stuttgart and one to Riga from Copenhagen. (AFP)

Guards agreed to open the Acropolis to the public on Friday, after a court declared their work stoppage illegal. The Ministry of Culture guards said they would open the site, one of the world's biggest draws for tourists, until Sunday and would decide on Monday whether to continue the strike. (Reuters)

The United States has agreed to let Japan Air Lines start a weekly service next month between Honolulu and Sendai, in northeastern Japan, paving the way for the resumption of aviation talks that have been stalled since August, the Japanese Ministry of Transportation said. Japan will in turn lift retaliatory action against Northwest Airlines, allowing it to increase weekly flights between Osaka and Manila to seven from three. (AFP)

Indian Airlines pilots took mass sick leave on Friday in a union protest that stranded thousands of passengers around India, union officials said in New Delhi. (AFP)

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THE AMERICAS / SOUTHERN SWITCH

Republicans Hope the Locals Take the Bait

By Dan Balz
Washington Post Service

MARSHALL, Texas — When George W. Bush's campaign bus rolled to a stop in the town square the other day, Dorothy Ruthven was waiting in the crowd to see the Republican candidate for governor. A lifelong Democrat, she typifies the evolution of Texas politics that underlies Mr. Bush's substantial challenge to the Democratic incumbent, Ann Richards.

"My parents were Democrats and you just sort of grew up that way," Ms. Ruthven said as Mr. Bush was signing autographs under a warm autumn sun. "My daughter and son are staunch Republicans."

And Ms. Ruthven herself? She nodded toward Mr. Bush. "I switched parties for him," she said.

There are new Republicans like Ms. Ruthven all over the South, the fruit of the decade-long growth of the party in the region. And, along with President Bill Clinton's unpopularity, they are making life difficult for Governor Richards and other Democratic incumbents.

In Georgia, Governor Zell Miller, a fixture in state politics, is under siege. In Florida, Governor Lawton Chiles, who has never lost an election, is battling Jeb Bush, another son of former President George Bush. In Tennessee, Senator Jim Sasser is fighting for his political life, while Representative Jim Cooper, a moderate Democrat, is now the underdog in his race for the Senate seat once held by Vice President Al Gore.

People who grew up Democrats in the South became accustomed to voting Republican in presidential campaigns some

time ago. Increasingly, they are doing so in campaigns for other offices. These changing habits make people like C. T. (Sonny) Davis possible. A former Democrat, Mr. Davis is now running for justice of the peace here in East Texas, something that not long ago was unthinkable.

"People split their tickets quicker than a cat can lick its tail," Mr. Davis said. "You see the baseball-cap-and-boots types voting Republican now."

Consider the statistics: • When Texas elected its first Republican governor since Reconstruction in 1978, there were about 90 elected Republicans in the state. Today there are more than 900, although Democrats still have a majority.

• More Republicans took part in the Republican primary for governor in Florida this year than voted in the Democratic primary, and, in two other states, Tennessee and South Carolina, Republican participation was almost at parity with the Democrats.

• Republicans now hold more House seats in the South than they do in their ancestral home, the Midwest, and the number is expected to grow this year. "I hate to be a Marxist about it, but there is a sort of immutable force of history that's making itself felt in this election," said Karl Rove, one of George W. Bush's chief strategists.

Fred Meyer, a former Texas Republican chairman who has stepped over much of the party's growth in the 1980s, said: "We're moving so far and so fast. Every step makes that next year it just goes whoosh."

Democratic analysts argue that Republicans are too optimistic, that while Texas is now a



George W. Bush campaigning for governor in Houston with his mother, Barbara Bush.

genuine two-party state, a Republican takeover is far from inevitable. Democrats still hold the governorship, most of the major constitutional offices in the state and they control the legislature.

The evolution of Texas and other Southern states from one-party bastions to competitive two-party states began in earnest with the election of Ronald Reagan in 1980. That election

saw waves of conservative Democrats vote Republican, and no Democrat has carried Texas in a presidential race since.

In the mid-1980s, rural and small-town Texans began to shed their Democratic ties and convert to independents or the Republican Party, encouraged by the aggressive salesmanship of Phil Gramm. Mr. Gramm quit the Democratic Party and resigned his House seat in 1982,

then won the special election as a Republican, and moved to the Senate two years later.

The breadth of the Republican appeal in Texas became apparent in June 1993 when Kay Bailey Hutchison won a special election for the Senate seat vacated by a Democrat, Lloyd Bentsen, when he became Treasury secretary. She not only won 67 percent of the vote but she also carried an astounding 239 of Texas's 254 counties.

POLITICAL NOTES

No Uncle Tom, Justice Says

WASHINGTON — In an extraordinary meeting with an invited group of 30 blacks, including five journalists, Justice Clarence Thomas of the Supreme Court rejected suggestions that his opinions have hurt blacks or that he has forgotten his roots.

"I am not an Uncle Tom," Justice Thomas, the second black man to serve on the court, replied when he was asked about selling out to whites, according to a report Thursday in the newspaper Washington Afro-American that was confirmed by several people who were at the meeting Wednesday. "I do not pay attention to that nonsense. That is one of the problems we have as black people. We don't allow differing views."

Repeating a vow he has made before to remain on the court in spite of his critics, he said: "I'm going to be here for 40 years. For those who don't like it, get over it."

Justices virtually never hold on-the-record meetings with the press. And Justice Thomas, appointed in 1991, has been the most media-savvy of all the current justices. He has turned down interviews and repeated requests for informal visits by reporters from many publications.

North Ducks Fight With Nancy

FALLS CHURCH, Virginia — Nancy Reagan has attacked Oliver L. North, the Republican candidate for the U.S. senate from Virginia, asserting that he "lied to my husband and lied about my husband."

On Friday, Mr. North, a former aide to President Ronald Reagan, ducked the barb, saying, "My mother told me a long time ago never to get into a fight with a lady."

Much of the Republican establishment has reluctantly rallied around Mr. North in the last four months. But Mr. Reagan has made no comment since a letter in March in which he said his former National Security Council aide, then a lieutenant colonel, had made "false statements" about the Iran-contra affair. "I'm getting pretty steamed about the statements coming from Oliver North," Mr. Reagan wrote.

Mrs. Reagan was asked about Mr. North on Thursday night in New York.

"Ollie North. Oh, I'll be happy to tell you about Ollie North," Mrs. Reagan said. "Ollie North has a great deal of trouble separating fact from fantasy."

Pausing for applause and laughter, she continued, "and he lied to my husband and lied about my husband — kept things from him he should not have kept from him."

At a White House briefing Friday, Vice President Al Gore delivered another attack on Mr. North. "He is a pathological liar," Mr.

Gore said. "He disgraced himself in his previous job. He cannot help but throw one lie after another."

Mr. North has said he was following orders from his superiors when he orchestrated the plan, revealed in 1986, to supply arms secretly to anti-Communist rebels in Nicaragua.

In two recent polls, Mr. North was in a statistical tie with his Democratic opponent, Senator Charles S. Robb. (N17)

Florida Campaign Gets Nastier

WASHINGTON — In the latest low blow in a bitter campaign, Jeb Bush, a Republican, is using the mother of a murdered child to promote his challenge to Governor Lawton Chiles of Florida, a Democrat.

In a television spot that features snapshots of little Elisa Nelson taken before her brutal murder in 1980, her mother, Wendy Nelson, says: "Fourteen years ago, my daughter rode to school on her bicycle. She never came back. Her killer is still on death row and we're still waiting for justice. We won't get it from Lawton Chiles because he's too liberal."

Mr. Chiles called the spot "a repeat of Willie Horton," the famous ad made in support of George Bush's 1988 presidential campaign, which he won Governor Michael S. Dukakis of Massachusetts. Mr. Horton was a prisoner in Massachusetts who was furloughed and attacked a couple in Maryland.

"Bush is using the pain and suffering of a mother's loss to smear and distort my record on the death penalty," Governor Chiles said.

The governor responded with his own ad, charging the Bush campaign with sinking to new depths. "The fact is, her case is in the courts — not on the governor's desk," the ad states.

Indeed, the girl's killer, Larry Eugene Mann, has been sentenced to death three times, and because of legal challenges and delays he remains locked up but alive. The appeals courts have stayed or reversed the death sentence on numerous occasions, and Mr. Mann's lawyers have an appeal pending in Pinellas Circuit Court. (W7P)

Quote / Unquote

Larry Berg, director of the Jesse Unruh Institute of Politics at the University of Southern California, on Michael Huffington, the Republican candidate for California's Senate seat, who has vigorously opposed illegal immigration but who admitted last week having an employed an illegal immigrant in his home for five years: "It suggests that his position on this issue is one fraught with hypocrisy. If you are going to say what he has said for the past six months, this is not something you want to do." (L47)

Every Parent's Nightmare Unfolds as Carjacker Takes Children

By Rick Bragg
New York Times Service

UNION, South Carolina — Susan Smith said she stood in the middle of a dark, isolated road and screamed, "I love you all" as a carjacker disappeared in the distance with her two children in the back seat. So far, the people of this small textile town in northwestern South Carolina have been unable to pray Mrs. Smith's two little boys home again.

Hundreds of law enforcement officers and volunteers have been searching the highways and deep forests of this rural piece of the state since Tuesday, hoping the carjacker

had released Alexander, 14 months, and Michael, 3. But as of Friday, investigators still had no solid leads, and the worst crime in recent memory in pastoral, peaceful Union County remained unsolved.

"I pray for him," said Sue Morris, Mrs. Smith's neighbor, of the carjacker who had become the focus of a frantic, four-state search. "I pray for God to touch his heart and make him let those children go."

What has appeared to be the real-life manifestation of every parent's nightmare began about 9 P.M. Tuesday when Mrs. Smith, her two children

strapped into car seats in the back, stopped her car at a traffic signal in Monarch Mills, a few miles outside Union.

Mrs. Smith said a man with a gun jerked open the unlocked door on the passenger side of her 1990 Mazda and said, "Shut up and drive or I'll kill you."

Mrs. Smith, who works for a textile company, told Sheriff's Department investigators that she did not know the man. He ordered her to drive northeast for about 10 miles (16 kilometers), then told her to get out. She said she begged him to let her take the children with her, but the man said: "I don't have time. I'll take care of them."

She said she watched in shock, standing in the middle of the road, as the man drove away with her children. Later, family members said Mrs. Smith was sick with grief, asking herself how she could have let the man drive away with her sons.

"She just thought, when she got out of the car, that he'd let her have them," said Dennis Gregory, a cousin of Mrs. Smith's.

Investigators have almost nothing that would lead them to the children. The crime scene vanished down the dark road.

"Very rarely do you have a crime and not have a crime scene to work," said the Union

County sheriff, Howard Wells. "I've been in law enforcement 20 years, and I've never had a case where there is so little to work on."

Race Comes to Surface in Simpson Trial

By David Margolick
New York Times Service

LOS ANGELES — Lawyers for O. J. Simpson have accused prosecutors of attempting, through needlessly persistent and provocative questioning, to keep blacks off the jury. Their assertions brought race to the surface of a case in which it has always lurked not far below.

The accusations, made in an impromptu news conference by two of Mr. Simpson's lawyers, followed a testy exchange between Deputy District Attorney William Hodgman and an elderly black man, one of six candidates screened Thursday for the Simpson jury.

"You're pumping me as if

I'm on trial or something!" the man, a 71-year-old retiree, exclaimed. "I don't like that. You're sort of riling me."

Mr. Simpson's principal lawyers, Robert Shapiro and Johnnie L. Cochran, were quickly out in the corridors, denouncing Mr. Hodgman's conduct.

"We are very concerned about the tenor of questions and that they go after certain jurors," Mr. Cochran said. "In order for this jury to have credibility, it must have people from all walks of life and from all over the community."

In fact, the potential jurors who have survived the first round of questioning are a di-

verse group in which whites are a minority.

A few minutes after Mr. Cochran spoke, and 12 floors below, Mr. Shapiro swung into action. He maintained that the prosecution was harassing black candidates, hoping they would talk themselves off the jury by betraying bias.

The comments brought an angry retort from Mr. Hodgman, who accused the defense of bad faith.

Mr. Hodgman had pressed the unidentified prospective juror to elaborate on a number of statements he made on his questionnaire.

Tension escalated when Mr. Hodgman questioned the man on whether he would convict Mr. Simpson. He was his gut proved beyond a reasonable doubt, and the man repeatedly equivocated.

It finally boiled over when Mr. Hodgman asked the man whether he had heard any discussion of polygraphs in the

case and then asked if he knew what a polygraph was.

Mr. Cochran said that this question had not been asked of anyone else and called it "de-meaning."

It is widely — but not universally — believed that black jurors will be more sympathetic to Mr. Simpson, and that the defense is anxious to have as many of them as possible on the 12-member panel.



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Away From Politics

• Six alligators, an iguana and other reptiles were confiscated by the police and animal protection officers from a loft apartment in Brooklyn, New York. The occupant, a lawyer for the city's Department of Environmental Protection, said the apartment had served as an ersatz zoo for neighborhood children, and promised a legal battle to get the beasts back.

• A disgruntled former U.S. National Guard soldier took two officers hostage at gunpoint at the army's Fort Irwin National Training Center in California, but they managed to escape unharmed and the man was arrested.

• Trials of the French abortion pill RU-486 have begun in the United States, the Population Council said. But the organization said it would make no general announcement of the sites where women can get the drug because of concerns about potential violence.

• The federal government has sued Borden Chemicals & Plastics, saying the company had polluted groundwater around its Geismar, Louisiana, plastic-making plant and illegally shipped hazardous waste out of the country.

• The last of four pipelines broken by floodwaters in East Texas has been capped, and federal and state officials say the cleanup of oil and fuel will take two to three more weeks. The cleanup already has cost \$6.2 million.

NYT, Reuters, AP

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Junta Chief In Burma Meets With Dissident

Compiled by Our Staff From Dispatches

RANGOON, Burma — A leader of the Burmese military junta met Friday with the dissident Daw Aung San Suu Kyi, in the latest indication that her sixth year of house arrest might be her last.

Daw Aung San Suu Kyi, who has been under house arrest since July 1989 and was awarded the Nobel Peace Prize in 1991, met for three hours with Lieutenant General Khin Nyunt, secretary of the ruling council. They first met on Sept. 20.

State television and radio broadcast news of the meeting at the Defense Ministry's guest house in Rangoon. The three-minute television broadcast showed Daw Aung San Suu Kyi being greeted by General Khin Nyunt and the two of them talking cordially.

Also present were the judge advocate general, Brigadier Than Oo, and the inspector general, Brigadier Tin Aye.

The talks covered political and economic changes introduced by the junta, according to the broadcast report.

The September talks received a guarded welcome from diplomats and dissidents who said it was an important first step on the road to dialogue.

Earlier this year, a senior junta official said Daw Aung San Suu Kyi would remain under house arrest until 1995, at the earliest.

Daw Aung San Suu Kyi, the daughter of Burma's independence hero, General Aung San, took part in a 1988 pro-democracy uprising that was put down by the military with the loss of hundreds of lives.

She went on to co-found the National League for Democracy, which took more than 80 percent of the seats in 1990 elections. But she was denied power by the junta.

The junta has repeatedly offered to free her, but on the condition she leaves the country. She has refused to leave but has said she was willing to discuss anything else with the junta.

A constitutional convention now meeting in Rangoon has included clauses in a draft charter that would bar her from ever becoming Burma's leader.

(AP, Reuters)

NATO: Air Strike Rules

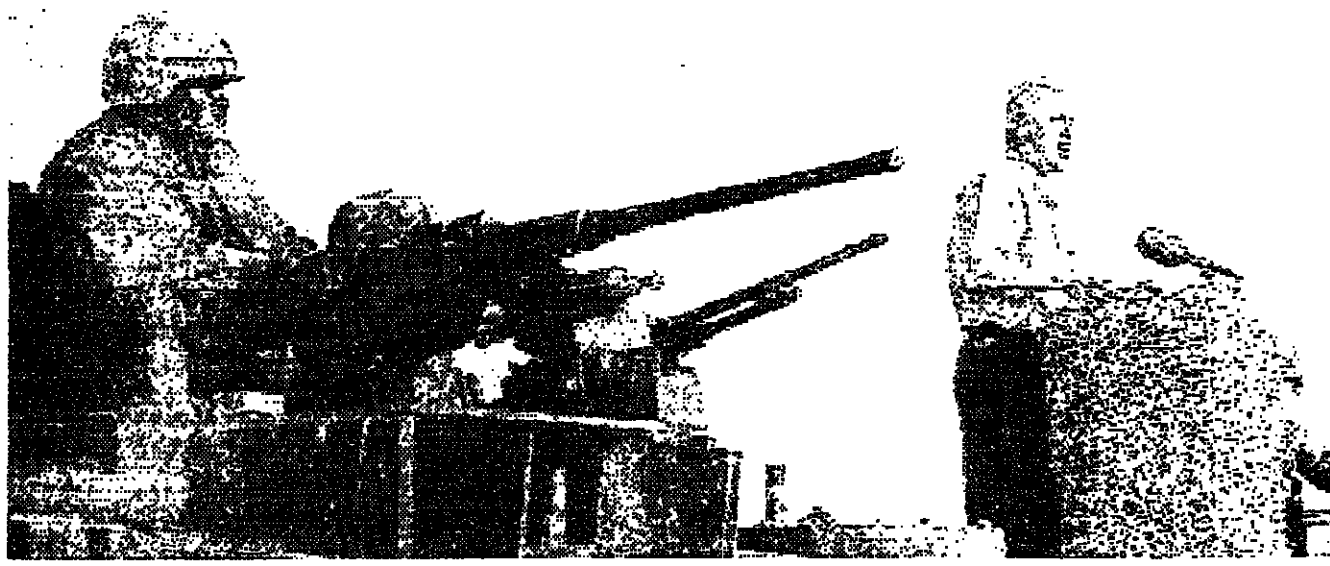
Continued from Page 1

protected city. NATO commanders will no longer be obliged to tell the offenders exactly where they are going to be attacked, even though warnings might be given in some cases to avoid civilian casualties.

By hitting several targets, NATO planes expect to inflict heavier punishment and also avoid being confined to a target area in advance.

Following the new rules, NATO officials agreed to consult with UN commanders about what targets should be chosen for punitive action. But the UN advice can be ignored if NATO chooses, officials said.

Unaffected by these changes are two other UN missions assigned to NATO: preventing unauthorized flights over Bosnia and providing close air support to relieve any UN peacekeepers who come under attack.



President Bill Clinton addressing American troops in Kuwait on Friday as a gun crew kept watch at the podium.

CLINTON: He Raises Soldiers' Hopes of Going Home for Christmas

Continued from Page 1

ures showing 3.4 percent economic growth as a sign that his economic policies were working.

The State Department spokesman, Michael McCurry, said it would be wrong to suggest the presidential stop here was only about the domestic political audience.

"In a very real sense, the audience is Saddam Hussein," he said.

In his speech, Mr. Clinton highlighted the success of pre-

positioning military equipment here after the 1991 Gulf War, saying it had made deployment for this confrontation with Iraq much faster.

"One of the things that will go down in the history of this encounter," Mr. Clinton said, "is that you got here in a very big hurry. And because of that, Iraq got the message in a very big hurry."

He also delivered a direct message to Iraq, whose border lies about 100 kilometers (60 miles) from here.

"We will not permit Iraq to enhance its capabilities below the 32d parallel," Mr. Clinton said.

"We won't permit Baghdad to intimidate the United Nations. That is not our threat. That is our promise."

Mr. Clinton got a polite reception, at best. And as he spoke, shouts of "When are we going home?" erupted in the crowd.

Captain Steve Boykin of Fort Washington, Maryland, said

the uncertainty was causing a "moral problem."

Mr. Clinton helped solve that.

"Don't forget to go Christmas shopping," the president said as he ended his short address, a line the troops took to mean they would be home for the holidays and erupted in cheers.

Mr. Clinton's national security adviser, W. Anthony Lake, said later that if Iraq posed no further threat and conditions did not change, the president's hope was that most of the troops sent here this month in Operation Vigilant Warrior could return home.

While no final decision has been made, Mr. Lake said, Mr. Clinton "knows how important Christmas is."

The president also announced to the troops that he had signed an executive order that changes the definition of military field duty to ensure parity for the deployed troops.

Before his departure, Mr. Clinton also held quick meetings with Kuwaiti officials and then flew to Saudi Arabia for meetings with King Fahd and other leaders.

ISRAEL: Outlook Gloomy for Peace With the Syrians

Continued from Page 1

volution U.S. forces — will be needed to keep the border quiet.

Ha'aretz reported that the Syrian leader had shown Mr. Clinton some flexibility on the issue of the timetable for a pull-back of Israeli troops and dismantlement of the 33 Israeli settlements built on the Heights since 1967.

Until now, Syria has given Israel no more than a year for withdrawal, but Mr. Rabin

wants to take five years, moving in stages to test Syria's intentions.

At no point has he said he would give up all of the Golan. Until Israel agrees to a complete withdrawal, Syria says, there can be no deal.

And even though the Syrians obviously have lost their power to block other Arab countries from coming to terms with Israel — the treaty with Jordan proves that — they are still pivotal to a comprehensive peace

between Israel and all its immediate neighbors.

Some Israelis were sharply disappointed by the absence of any public condemnation of terrorism by Mr. Assad, no matter what he may have privately told Mr. Clinton, particularly after the bombing of a Tel Aviv bus that killed 23 people last week.

Mr. Clinton said at a news conference in Jerusalem on Thursday night that he, too, regretted that lapse.

SUICIDE: Son Who Helped His Suffering Father Be a 'Pioneer in Death'

Continued from Page 1

not only helped to plan the suicide, but had also taken an active role in it by holding his father's hands down as he struggled for air.

"My decision was based on whether there was probable cause that a crime was committed," he said. "Assisting in a suicide is a crime. The law is the law."

Mr. Meyer seemed to understand that in detailing the way he had helped his father in a magazine that was read beyond the supporting community where he lived, he was goading the authorities to act.

After the article ran, the police interviewed its author, who willingly handed over her tapes, notes and research. Based on the article and the information from the reporter, the police said, they issued a warrant for Mr. Meyer's arrest.

"He wanted the police, the authorities, the public to know what he had done," said Karen Haller, who wrote the article in Connecticut magazine.

And so on Oct. 18, Mr. Meyer, a sales

and marketing executive for a Massachusetts company, vice president of a girls' softball league in Westport for more than 10 years and a leading member of the Congregational church there, stood before Judge Allen W. Smith in Superior Court in Hartford and pleaded not guilty to the manslaughter charges.

"I loved my father as much as any son could," said Mr. Meyer, who has become a leader of the Hemlock Society, a nationwide "right to die" advocacy group. "A lot of people out there thought their fathers, I never did. When he begged me to help him, I couldn't turn my back. He had a right to go his own way."

There was no dramatic turning point, no stroke or major heart attack that left the father suddenly incapacitated, only the relentlessly mounting damage of cancer.

Within a few months, doctors told him, the cancer would prevail.

A few months before his father took his life, Mr. Meyer said, he began to speak of his plans. Their first conversation was too

much for the younger Meyer to bear. Several months earlier, his own 23-year-old son had leapt to his death from a highway bridge.

"I needed his love and support to get me through that," said Mr. Meyer.

But he came to understand his father's need to end his own pain and finally agreed to help him. They read the 1991 book "Final Exit," a suicide manual by Derek Humphry, the founder of the Hemlock Society. They talked to the father's longtime physician, who agreed after much deliberation to prescribe enough Ativan, a sedative, so that the older man would be asleep when the oxygen in the bag ran out.

Mr. Meyer says being booked and spending a few hours in jail have made him anxious about the consequences of his decision to speak out, but not regretful.

"People with terminal illness have a right to make a decision about the end of their lives," he said. "As helpless as I felt in that jail is not nearly as helpless as those people feel forced to stay alive."

GROWTH: Data Show Economy on Track for Best Growth in Decade

Continued from Page 1

check consumer spending, which expanded an annual 3 percent last quarter, more than double the 1.3 percent rate in the spring.

But financial markets already seemed to have factored in these predictions.

The price of the benchmark 30-year Treasury bond jumped 30/32 point, to 94 25/32, shaving the rate to 7.96 percent from 8.04 percent Thursday.

John Lipsky of Salomon Brothers Inc. said he expected

one more increase in bond yields because the market will take fright whenever the government reports any kind of bad inflation number. Then he expects long-term rates to stabilize or turn down as the economy grows more moderately next year.

European stock markets and the dollar followed Wall Street's lead and gained ground. In Paris, the CAC-40 index of blue-chip issues jumped 2.56 percent, to 1,905.69 points, while Frank-

furt's DAX index added 1.35 percent to 2,040.32.

The dollar rose to 1.5100 Deutsche marks in New York, up from 1.4988 DM Thursday, and to 97.28 yen, up from 97.00 yen.

In capital letters, Ed Yardeni of C.J. Lawrence/Deutsche Bank Securities advised his clients: "Bottom line: Solid growth. Low inflation." And he said he expected more of the same until the end of the year.

But for next year, Cynthia Latta of DRI McGraw Hill said

she expected the Fed's rate increases to keep biting and bring growth down to about 2 percent, although for the moment "the economy is still growing too fast."

She pointed out that some seeds of the coming slowdown were already sprouting in Friday's report. Higher interest rates will eventually cut back the third quarter's 7.9 percent increase in durable goods purchases by slowing the high rate of automobile and other sales on credit.

The Gold-Spouting Volcano

Experts Expect Rush to Stake Claims in Colombia Crater

By Sandra Blakeslee

New York Times Service

NEW YORK — Geologists have discovered a volcano in Colombia that is spewing more than a pound of gold particles each day into the atmosphere and depositing 45 pounds of the metal a year into the rocks lining its crater.

"I expect there will be a rush to stake claims in this volcano," said Fraser Goff, a geologist at the Los Alamos National Laboratory in New Mexico. He made the discovery at the Galeras volcano in the Colombian Andes.

While gold is sometimes found in extinct volcanoes, the Galeras volcano is venting commercial amounts of gold from its fiery top, he said. This is the first time scientists have detected visible gold particles in an active volcano.

It is not known how much gold the volcano has produced since it began forming more than 500,000 years ago, Mr. Goff said. He presented his findings at the annual meeting of the Geological Society of America in Seattle.

In January 1993, the Galeras volcano erupted, killing six scientists taking samples from its crater.

Most of the world's biggest gold deposits, like those found in South Africa, were formed when ancient gold-bearing rocks — ultimately volcanic in origin — were eroded by streams, causing the gold to be concentrated in alluvial deposits called placers, said Don Noble, an economic geologist at the Mackay School of Mines at the University of Nevada in Reno. But now that these deposits are

being depleted by mining, he added, prospectors are paying more attention to lesser amounts of gold found in extinct volcanoes. "I doubt that active volcanoes can be mined," Mr. Noble said. "They would be too hot and dangerous."

Magma released from the earth's interior has many components, he added, including gold.

On the day of the Galeras eruption last year, Mr. Goff was taking fluid samples on the volcano's flank and escaped injury.

A week later, he said in a telephone interview, he and his colleagues were sampling gas vents in a deep river canyon west of the summit. "A guide joked, 'Do you want to look at some gold?'" he said, and showed them a vein of it.

Mr. Goff said he picked up a few samples and later cut them into wafer-thin slices. "There was gold in it, quite a bit of gold," he said. "The fragments had tiny visible nuggets."

He estimated that the gold vein, near the base of the volcano, was at least 10 feet wide. Its length and depth are not yet known.

Another week later, the volcano quieted and the Goff team went back to the crater to continue their research.

"We started finding different amounts of gold in different samples," Mr. Goff said.

The gases and fluids contained about 40 parts of gold per billion. Some explosion fragments contained a concentration of about 2.5 grams of gold (0.08 ounces) a ton, equal to that found in some commercial gold mines.

As Cuba Refugees Linger in Camps, Policy Dilemma Grows for Clinton

By Daniel Williams

Washington Post Service

WASHINGTON — Last summer's decision to hold thousands of Cubans indefinitely in camps at Guantánamo Bay and in Panama is becoming a foreign policy, legal and ethical burden for the Clinton administration.

Although public attention has faded from the 32,000 Cubans held behind barbed wire, the administration has found itself under increasing pressure from two directions.

The well organized anti-Castro Cuban organizations in Miami have gone to the courts to demand that their interned

countrymen be given a chance to seek U.S. asylum.

Meanwhile, Fidel Castro's government has threatened to abrogate the September agreement that halted the rafters' exodus if the Clinton administration admits Cubans into the United States directly from the so-called "safe haven" camps.

Havana wants Washington to follow through with its promise that the refugees in the camps must return to Cuba before applying to come to the United States.

President Bill Clinton made that pledge after breaking with a 35-year practice of welcoming Cubans as refugees to assuage Governor Lawton Chiles of Florida, a Democrat. Mr.

Chiles feared that a flood of rafters would spoil his chances in a tough re-election battle against Jeb Bush, the Republican challenger.

Despite the high stakes in policy terms, putting the Cubans in camps may turn out to have been an exercise in buying time, and time may be running out.

A judge in Miami is pondering whether to prohibit the U.S. government from repatriating refugees to Cuba, even if they want to go home. Lawyers acting on behalf of the refugees argue that the Cubans, being given no other choice, are effectively being coerced back to the Communist-ruled country.

RUSSIA: Deputies Shrug Off Solzhenitsyn's Appeal

Continued from Page 1

ence of an expanded, selfish, suffocating bureaucracy now "repainted" in democratic colors. "This is not a democracy, but an oligarchy — rule by the few," he said.

Some of the deputies, who were polite but restless in the hall, broke into applause at that point. But mostly there was silence, with some mutters of disagreement and some visible exits by politicians going out for a smoke.

"Power is not about getting things and not about pride, but about duty and obligations," Mr. Solzhenitsyn continued, castigating both the legislative and executive branches for holding up a bad example to the people.

Ordinary people remain alienated from power, he said. "Indifferent to Moscow's politics and parties." For all the talk about crime-fighting, he said, the deputies had not yet passed a new civil or criminal code.

He called, as he has done before, for intensified local democracy through the restoration of *zemstvos*, the local coun-

cils of the 19th century, which could also work as a check on corruption at higher levels.

He always knew the emergence of Russia from the long disease of communism would be painful, he said, but Russian leaders have taken "the most twisted, painful and awkward path."

These were all themes Mr. Solzhenitsyn has touched regularly since his return, in television appearances and articles that have aroused surprisingly little interest, given the moral authority that Mr. Solzhenitsyn takes upon himself as not only a victim of Stalin's Gulag and crimes, but also as their finest historian.

Mr. Solzhenitsyn takes an ethnocentric view of history, and on Friday he called for better privileges for Russians living in the former states of the Soviet Union; for stricter laws against foreigners living in and buying property in Russia; for the abandonment by Moscow of Central Asia and the Caucasus to the Muslim world; and the creation of a Slavic state combining Russia, Ukraine, Belarus and Kazakh-

stan, or at least its northern Russian half.

He also repeated his criticism of the use of foreign currency in Russia and the purchase of foreign grain, and railed against the sale of farmland of any kind. "Auction sales of land to the nouveau riche means the sale of Russia itself," he said, sarcastically expressing doubt that a single of the 450 deputies "is a peasant, actually growing grain."

He spoke for an hour, when he closed, with a call for a speedier advance toward real democracy, there was a smattering of applause, but no more.

Gennadiy Burbulis, a deputy and former strategist for President Boris N. Yeltsin, said Mr. Solzhenitsyn was a sort of prophet, "who doesn't care how his proposals can be turned into reality."

Some listeners drew comparisons to the startling interventions of the late dissident and physicist Andrei D. Sakharov during the perestroika-era Soviet Congress, when the nation was held rapt by his simple words and challenges to President Mikhail S. Gorbachev.

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U.S. Envoy's Tour Perplexes Africa

By Howard W. French
New York Times Service

ABIDJAN, Ivory Coast — When the deputy secretary of state, Strobe Talbott, set out on his first diplomatic mission to Africa, he openly acknowledged that for him, as for much of the U.S. foreign policy establishment, this continent was "terra incognita."

And from the very first stop, Bujumbura, Burundi's capital, the trip was full of reminders that for much of Africa, visits by high-level U.S. officials are just as unfamiliar.

The air force jet carrying Mr. Talbott touched down in Bujumbura on Oct. 21 for a quick refueling stop on its way to Zimbabwe during which he planned to hold a 45-minute discussion with the foreign minister of Burundi on the ethnic conflict that has riven that country and neighboring Rwanda.

But by the time the talks were completed, no one had both-

ered to refuel the plane. In fact, U.S. Embassy officials soon discovered, the airport was effectively closed.

In the first of several sharp reminders of whose influence penetrates most deeply in Africa, Mr. Talbott's journey re-

freewheeling assistant secretaries of state, such as Chester A. Crocker and Herman Cohen, with what has seemed here little visible input or interest from higher levels in Washington.

In Zimbabwe, and elsewhere on a trip that covered six coun-

'Who is this Mr. Talbott? I mean, is he really someone important?'

A Zimbabwean journalist.

sumed only after a resident official from a French airline who held the key to the airport fuel depot was roused and persuaded to turn the pumps on.

In Harare, Zimbabwe, where Mr. Talbott had scheduled talks on regional conflicts — the theme of the trip — his presence seemed a source of confusion for many, who were unused to visits by Americans of his rank.

For years, much of U.S. policy on Africa has been run by

tries, the presence at Mr. Talbott's side of the current assistant secretary of state for African affairs, George E. Moose, left many perplexed about the role of the deputy secretary of state.

After Mr. Talbott spoke at a military academy on the importance of regional peacekeeping, a Zimbabwean journalist, echoing a puzzlement detected at several stops, approached an American colleague with this

question: "Who is this Mr. Talbott? I mean, is he really someone important?"

Mr. Talbott had other reasons to wonder briefly about his importance here when it proved impossible to see Zimbabwe's president, Robert Mugabe, on the Saturday that had been scheduled for the working part of his visit. Only on Sunday, after Mr. Talbott had flown to Malawi, the next country on the itinerary, did Zimbabwean officials signal their president's willingness to see the American diplomat, if only he would be so kind as to return.

Jetting off for Zaire, Mr. Talbott's party was at pains to explain why they had agreed to a fueling stop in Kinshasa to meet with the country's recently appointed prime minister, Kengo wa Dondo, for what would inevitably appear to some as an embrace of the long-time dictator Mobutu Sese Seko. Mr. Kengo, they said, had begun to undertake bold economic reforms.

"You can't attack Mobutu head-on without bringing on something cataclysmic," an official said. "The trick for us is to incrementally extend legitimacy to Kengo without letting Mobutu hijack it for himself."

Leaving Kinshasa for Ghana 45 minutes later, after a quick session with Mr. Kengo in the VIP lounge, the American delegation could scarcely repress a somewhat different appraisal of the situation in Zaire. American aides had been left waiting in a steamy transit lounge with severe-looking, loudly dressed security agents, and hostesses dressed in tightly wrapped dyed cloth who passed out beer.

Nowhere was France's long diplomatic shadow more evident than in the Ivory Coast, where Mr. Talbott concluded his African journey on Wednesday.

Mr. Talbott arrived in Ivory Coast a day earlier, eager to urge that this most French of France's former colonies take the lead diplomatically in working with countries like Ghana to end a five-year-old civil war in neighboring Liberia.

But from his address at the National Assembly, before openly dozing legislators, to the end of his stay here, it often seemed to members of Mr. Talbott's delegation that this country is so unaccustomed to thinking about Washington as a factor in West Africa that its officials had often only politely pretended to hear out the American's message.



Mr. Dhlakama, the Renamo leader, showing his hands to be free of the ink used to prevent fraud as he voted Friday.

Ex-Rebel Ends Mozambique Vote Boycott

By Bill Keller
New York Times Service

MAPUTO, Mozambique — One day after he clouded Mozambique's first free elections by rejecting them as fraudulent, the main opposition leader on Friday dropped his boycott, cast his own ballot, and pronounced himself "the father of democracy in my country."

After meeting into the early morning with the Western donors who are financing the election, Afonso Dhlakama, leader of the Renamo rebel group and a challenger for the presidency, said he was "very satisfied" that his claims of a government conspiracy to cheat his party would be taken more seriously.

The voting that Mozambicans hope will heal the wounds of a 15-year civil war was extended for a third day, through Saturday, and foreign diplomats declared in

writing that the outcome would be invalidated if evidence of serious fraud arose.

According to diplomats who took part in the courtship of the rebel leader, Mr. Dhlakama apparently felt that by dramatizing his suspicions of cheating before the votes were counted he would be in a stronger position to cry foul if he lost.

But if Mr. Dhlakama hoped his brinksmanship would gain concessions, such as a guaranteed share of power for his party even if it lost, he miscalculated. Asked what the opposition leader had got for his efforts, the United Nations special representative to Mozambique, Aldo Ajello, joked, "A cup of coffee."

Largely oblivious to the controversy, Mozambicans, including supporters of Mr. Dhlakama's, continued the voting that began Thursday with a huge turnout.

Final results are not expected for two weeks.

Mozambique won independence from Portugal in 1975, only to be plunged into a war that left it, by some reckonings, the poorest country in the world.

The warring rivals are now the main political antagonists — the Liberation Front of Mozambique, or Frelimo, a formerly Marxist party that has ruled since independence, and the Mozambican National Resistance, or Renamo, the rebel group originally backed by white regimes in Rhodesia and South Africa.

The conventional wisdom favors President Joaquim Chissano, the Frelimo leader, to retain the presidency and his party to oust Renamo in races for a new, 250-seat Parliament.

Frelimo is thought to have the superior vote-getting machine, but Renamo has strong support in the rural, populous provinces of the center and north, where many voters feel neglected by the government.

Cambodia Denies Reports of Hostages' Deaths

Compiled by Our Staff From Dispatches

PHNOM PENH — The Cambodian government denied Friday that three Western hostages of the Khmer Rouge had been killed, despite reports to the contrary from one of its own generals.

But diplomats in the Cambodian capital, in common with the Australian government, remained pessimistic about the fate of the hostages, who are

from Australia, Britain and France.

The Cambodian co-prime minister, Prince Norodom Ranariddh, said he had asked General Ke Kimyan, the military chief of staff, to widen the search for the hostages after two days of sharply conflicting information.

"I don't want to speculate," the prince said Friday. "I want solid evidence on what happened."

Earlier Friday, the Defense Ministry denied reports from Kampot that the three hostages were dead and said it had received information that they had been moved northward in early October.

David Wilson, 29, of Australia, Mark Slater, 28, of Britain, and Jean-Michel Braquet, 27, of France, were seized on July 26.

General Nuon Paet, the Khmer Rouge commander in charge of the hostages, escaped

through government lines Wednesday.

Lieutenant General Sok Bunsoeun, deputy commander of the southern region, said Thursday that General Paet had ordered the execution of the three hostages on Sept. 27.

Information Minister Ieng Mouly said that troops were expanding the search in Kampot Province, where the hostages were known to have been held. (Reuters, AFP)

AMERICAN TOPICS

A Dental Appointment for 1996

The first dental museum in the United States will open in 1996 in Baltimore, where the world's first dental college was established in 1840. The Dr. Samuel D. Harris National Museum of Dentistry, named after the 91-year-old Detroit dentist who donated \$1 million to help set it up, will be on the local campus of the University of Maryland. The museum will promote the benefits of conscientious oral hygiene and regular professional care, and recap advances in dentistry.

Children may find incentive to brush once they've seen some of the museum's exhibits, The Associated Press reports.

The "key," for example, introduced around the 1730s, was used for extractions. Its hinged "claw" clasped the tooth, which was pulled by turning the instrument like a key.

The American Dental Association is supporting the new institution as the official museum of the profession.

About 40,000 artifacts will be displayed, including the oldest known dental instruments in the United States, the world's largest collection of dental art and a set of George Washington's lower dentures, made of hand-carved ivory held together with wire.

Short Takes

Atlanta's new police chief is a black woman, Beverly Harward, who is 43 years old and a 21-year veteran of the force. She has worked a beat, headed the criminal investigation divi-

sion and been spokeswoman for the missing and murdered children task force. She has been deputy chief for the last 12 years. Mayor Bill Campbell said she is the first black woman to head a big-city U.S. police department. She and her husband, Jimmy Harward, have a 6-year-old daughter.

A relatively inexpensive violin bow made of parts from a hardware store has been invented by William Hayden, a professor of Music at the University of South Florida. It outdoes cheap wooden bows and even vies with the best bows, according to Armin Watkins, a fellow music professor. "I've used it myself and can testify the feeling of it is very solid on the strings," Mr. Watkins said. The new bow is made of a metal tube attached to synthetic hair by nylon fasteners. It is expected to sell for between \$90 and \$150.

Martin Scorsese will direct a new film on the gossip columnist and radio commentator Walter Winchell. The screenplay is by Steve Zaillian, who wrote the screenplay for "Schindler's List," according to Publishers Weekly. The film is to be based on the new biography "Winchell: Gossip, Power and the Culture of Celebrity" by Neal Gabler.

A California driver's license renewal form advises, "We will give you a vision test and also take a finger and photograph." Indeed, comments the Los Angeles Times, the Department of Motor Vehicles certainly "wants its ounces of flesh." And, who knows, "Next the DMV will want an arm and a leg."

Gem of the Day, from the Ann Landers advice column: Wrinkles are hereditary. Parents get them from their children. International Herald Tribune.

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Herald Tribune

Published With The New York Times and The Washington Post

The Casablanca Agenda

Make peace pay. That is the goal of the conference starting on Sunday in Casablanca, Morocco. King Hassan II will play host to officials from Israel, Jordan, Egypt, Saudi Arabia and dozens of other Middle Eastern, North African and Western countries who will gather to discuss economics, not politics. Government leaders and executives from about 1,000 corporations will meet for three days to discuss joint business ventures.

Arabs and Jews talking openly about trade, tourism and regional economic development would have seemed unimaginable a year ago. The conference will help turn the unimaginable into the routine.

The recently signed Jordan-Israel peace treaty and the accord between Israel and the Palestine Liberation Organization were political victories negotiated by political leaders. The Casablanca conference moves matters to a second, potentially broader stage. The nations of the Middle East will live in peace only if they escape from squalor. Governments have a big role to play in economic development — primarily by providing political and legal stability. But the Middle East also needs private capital and a stable economic order to prosper.

There will, as expected in a first-of-its-kind conference, be plenty of speeches. Secretary of State Warren Christopher, Foreign Minister Andrei Kozhev of Russia, Prime Minister Yitzhak Rabin of Israel, President Jacques Delors of the European Commission, and Yasser Arafat of the PLO will deliver addresses. But the real business of the conference will be business. Executives of leading multinational corporations will be invited to size up whether the region's decades-long enemies are seri-

ous about becoming, however warily, economic partners.

There are grounds for optimism. Though Libya has denounced the conference, all of Israel's neighbors will participate except Syria. The Arab boycott is crumbling, so that joint business ventures are possible.

The conference will focus on specific goals. These include the establishing of government guarantees for private investment and creation of a \$10 billion regional development bank that will be partially funded from outside the region. The conference will also try to set up permanent institutions that can put together joint projects on water, energy and tourism. The Council on Foreign Relations, which helped organize the conference, will create an international task force led by Paul Volcker, former chairman of the U.S. Federal Reserve Board, to develop economic strategies for the region.

Palestinian critics of Mr. Arafat say that the Middle East peace accords heavily tilt in Israel's favor. The best way to refute that contention is to make sure that Arabs as well as Israelis see their lives improve. Living standards in the Middle East are a mere 5 percent of Western levels. Yet Arabs — largely using profits from the sale of oil — invested almost \$600 billion more in Europe over the past decade than Europe invested in the Middle East.

To turn those numbers in the opposite direction, investors must be convinced that the region will stay peaceful and offer the prospect of steady recovery. Economic cooperation, then, becomes the region's new diplomatic strategy and Casablanca its first test.

— THE NEW YORK TIMES

Those Built-In Deficits

American exports rose briskly last summer, and that is a good thing. The figures for August, published last week, show exports — for once — expanding faster than imports. But the monthly figures bounce around a lot, and the broader pattern is less encouraging. The U.S. trade deficit is growing rapidly, and this year's will be the largest since the worst of the Reagan deficits in 1987, which was the largest in history.

Big trade deficits have become part of the structure of the American economy — that is, they do not come and go with changing circumstances but persist through good times and bad. They are not being caused by unfair trading practices by foreigners, although that can aggravate the problem. The real cause is financial — and because it is abstract and counterintuitive, it is easy to lose track of. But it comes down to this: A country that is importing investment capital from abroad must necessarily run a corresponding trade deficit. Those are the two sides of the same transaction. Investment can come only from savings, and savings in the United States have fallen sharply since the early 1980s for reasons that no one has yet entirely explained.

Everyone — the federal government, businesses and private households — has accepted the idea that it is all right to save

less and to spend more. That has left the United States without enough savings to meet a growing economy's needs for investment. As a consequence, the economy is importing from abroad a heavy and increasing flow of funds. That is reflected in a large and growing trade deficit.

It is also pushing up interest rates in the United States, as worldwide competition for investment funds sharpens. The major exporters of capital no longer have quite as much to send abroad as they once did. Saudi Arabia's reserves have been run down by lavish spending and the Gulf War. Germany is pouring immense amounts into its previously Communist eastern regions. Japan's banking system has been weakened by recession. Long-term interest rates in America are again over 8 percent.

The solution, both to rising interest rates and a rising trade deficit, is (in theory) a higher savings rate. But there is not, of course, much political support for the kind of public measures, like higher taxes, that would force everybody to cut down on spending. It looks as though the United States is going to be living with large trade deficits for a while and, like all debtor countries, making increasingly heavy interest payments as its foreign loans accumulate.

— THE WASHINGTON POST

A Squeeze on the General

Not everyone thinks that Nigeria's dictator, General Sani Abacha, is taking Africa's largest country to a fatal breakup — a breakup that could produce hideous ethnic strife and set a tragic model for other large African states. But even those who feel that Nigerians can muddle through and survive his misrule believe that the military interlopers are doing extraordinary harm to a country whose size, natural wealth and energetic people once made it the continent's leading candidate for global major-power status.

But that was before General Abacha intruded on the scene. A recent analysis in the Christian Science Monitor by a foreign investor, Paul Beran, zeroes in on the incredible corruption that has apparently led a tiny elite to keep Nigeria "safe" from democracy. As just the number two in the country's military hierarchy, General Abacha was by some estimates a billionaire from oil, transportation, communications, construction and smuggling, even before he took over in November.

Only by the restoration of democratic government can Nigerians expect to have any chance to cope with this massive offense. But military rule means not only legendary corruption but heavy-handed centralization in a country with a grim history of tribal and regional differences. A continuation of military rule means deepening pressure to split up.

The United States has reacted to these tendencies with cuts in development aid — but not in humanitarian or human rights/democracy programs — and with strong words. The military's obstinacy,

however, is beginning to force the question of whether a harsher message needs to be sent. One possibility is a boycott of U.S. purchases of Nigerian crude oil. The usual arguments are made against a measure that others might circumvent and that would impose a certain cost on Americans at the pump. It takes a mental leap, moreover, to consider international sanctions against a country that was a leader in imposing sanctions on apartheid South Africa.

But how do Americans and others feel about driving in to gas up and, in so doing, lining General Abacha's pocket, smothering democracy in Nigeria and contributing to the pain and anguish of those Nigerians who are trying to restore the legitimate order?

— THE WASHINGTON POST

Other Comment

Hostages of Karadzic

The situation of UN forces in Bosnia is at an absolute low. The Bosnian Serbs' latest coup was the cutting off of fuel supplies for UN troops — just before the third winter of hostilities. The perfidious action of Radovan Karadzic has made it clear that the UN troops are hostages to his policies. He decides if Sarajevo airport is open or closed and whether aid convoys can pass. Perhaps Mr. Karadzic will soon start demanding that the UN special envoy Yasushi Akashi appear at the next round of negotiations in short trousers.

— Tages Anzeiger (Zurich).

Mideast: Now to Turn to the Business of Building Lives

By Caio Koch-Weser

WASHINGTON — The recent treaty signing between Israel and Jordan has brought the once unimaginable notion of stability and security in the Middle East a step closer to reality. Beginning Sunday in Casablanca, Arabs and Israelis will join with others from the region and with representatives of the international business and development aid communities for the first Middle East and North Africa Economic Summit.

Newly achieved stability will finally give the countries of the Middle East a chance to turn away from conflict and to get down to the business of achieving rapid and broad-based economic growth, thus ensuring better lives for their people. This is the real peace dividend.

It has taken commitment within the region and support from outside to achieve peace. Making the most of the peace will also require a maximum effort both by the countries of the region and the international community.

If Middle East peace is to be comprehensive and durable, it must make people's lives better; economic progress will be the glue that holds together the building blocks of peace.

Unemployment is high in the region, and poverty widespread. One answer will be more (and more productive) investments in areas that drive growth, and a

greater reliance on private enterprise than ever before.

A radical shift of economic policy will be necessary throughout the region. Countries will have to change the ways they manage their economies, along with their systems of regulation, law and administration. They will also have to educate their people better.

Morocco and Tunisia have already embarked on wide-ranging economic reform programs. Egypt wants to privatize the huge public enterprises that have dominated its economy so long. Jordan is liberalizing trade regulations and introducing domestic economic reforms. Lebanon and the West Bank and Gaza — faced with reconstructing their economies on an enormous scale — are committed to letting the private sector do the bulk of the work.

Governments still have a critical role to play. They need to take the lead in investing in the physical infrastructure on which productive commerce and industry depend, and in the well-functioning education and health-care systems that will enhance the quality of the human capital that is so essential to dynamic private-sector expansion.

They need to persuade the business community that official commitment to private-sector-led growth is real. They will need to maintain a stable macroeconomic environment, and sustain the movement toward regulatory, legal and administrative reform, thereby building a solid partnership with the private sector.

More importantly, governments need to reassure ordinary citizens that more privately owned business will mean more jobs, and that jobs will mean prosperity for all, not just for the privileged few. New investment in the Middle East's private sector, therefore, must generate large-scale employment opportunities.

Government also needs to invest in education and health, and in funds that support the poorest citizens through hard times. Those investments are not just socially desirable, they are essential if everyone — particularly those who need it most — are to benefit from private-sector success.

For its part, the international community needs to match its political support for peace with economic support for prosperity. We have seen one dramatic example of such support — the \$2.4 billion in aid mobilized to help lay the foundations for prosperity in the West Bank and Gaza. But other countries need support. For example, if Jordan is to

achieve reasonably rapid growth, it needs about \$1.7 billion in debt relief.

There are other areas where the international community can help. Regional economic growth will depend critically on trade expansion. The region's trading partners need to lower barriers to exports from Middle Eastern and North African countries, to level the playing field for the flow of goods to markets. The region's external partners can help by supporting regional infrastructure projects. And there is tremendous scope for forging mutually beneficial partnerships for prosperity between the business communities of the Middle East and its neighbors.

Securing a prosperous future for the region will be a mammoth endeavor requiring profound change and thorough commitment from national economies, governments, peoples, and the international business and development communities. This opportunity for change is the real peace dividend. The rewards for seizing it will be enormous. In laying new economic foundations for North Africa and the Middle East, the region's leaders will be making history at Casablanca.

The writer is World Bank vice president for the Middle East and North Africa. He contributed this comment to the International Herald Tribune.

Kindly Take Note, Mr. President, of Brother Assad's Other Crimes

By A. M. Rosenthal

NEW YORK — Since President Bill Clinton had to conclude his pilgrimage to Syria without getting any decent peace news breaks for his trouble, or time to take the exciting tourist trip to the two dozen torture centers of Damascus or the mortal ranges of the rich variety of terrorist camps, I thought he might be in the mood for a nice historic joke.

This village dies and it falls to the rabbi to make the eulogy. He cannot bring himself to shade truth while wearing a prayer shawl, so he tells it to Heaven straight — the man lying here was a killer, a thief, a rapist, and goodbye to bad rubbish.

Somebody in the congregation hollers out: "Can't you think of one good word to say about him?" The rabbi thinks, nods, and lifts his eyes upward. "But O Lord," he says, "just wait till you have to meet his brother!"

Mr. Clinton: The man you honored and strengthened with a visit is the brother of the man against whom you so recently dispatched U.S. troops.

Hafez Assad and Saddam Hussein are both dictators. Both make death the price of dissent, by bullet or noose for the lucky, by the flaying of the flesh for others. Both support terrorist gangs that prey on civilians around the world.

And both have mounted wars of colonization. The United States and allies flew to push Saddam out of Kuwait. He did nothing to stop Syria's war against Lebanon. Mr. Clinton's visit accentuates the West's placid acceptance of the conquest of that lovely land.

So there is one difference, after all. Saddam Hussein has shown himself to be stupid, a loser. Hafez Assad is neither. He only lost once — to the Israelis who now are ready to give back the same com-

manding Golan Heights that Syria forfeited in 1967.

Well, you might say, as Mr. Clinton did on the flight from Damascus, that at least Mr. Assad always keeps his word. You might, but it is not so.

This Mideast fairy tale comes from the fact that Syria has generally observed the 1974 separation-of-forces agreement with Israel. But the Israelis could then have clobbered Syria with the Golan Heights in their command, and the road to Damascus leading straight and short from it.

In "Syria Beyond the Peace Process," a forthcoming book by Daniel Pipes, the author notes that Mr. Assad broke other military agreements with Israel.

In 1976, Syria violated its pledge not to station aircraft, surface-to-air missiles or more than one brigade of soldiers in Lebanon.

But the real danger and delusion is the whole U.S. approach that Syria is important only in relation to Israel, as Mr. Pipes details. That concept obliterates Lebanon and the three times Mr. Assad made international promises to get out and broke them.

It helps the Syrian dictator destroy his people. He builds his armed power steadily not just against Israel but against the enemy so dreaded by all dictators: his own countrymen.

Syria and its Iranian ally do not maintain terrorists just against Israel but against the West. I understand Iran wants to "subcontract" to Syria the control of Hezbollah forces in Lebanon now firing on the Israeli army.

But that will not stop the murder of Israeli and Western civilians by Hezbollah, Hamas, Islamic Jihad and a dozen similar terrorist groups maintained by Syria. Terrorization of civilians

is part of Mr. Assad's method of operation, of survival.

It is not the duty of American presidents to destroy all foreign dictatorships. But it is their duty not to strengthen them. Mr. Clinton said it magnificently in Milwaukee on Oct. 1, 1992, when running for president.

But from morning to morning we do not know if he will oppose a dictatorship, as he did in Iraq and Haiti, or assist one, as in China and Syria.

When President Ronald Reagan was about to visit Bitburg, where German SS troops are buried, Elie Wiesel pleaded with him: "That place, Mr. President, is not your place."

Mr. Clinton has been to his Bitburg and beyond. In Damascus the local SS is not buried but at work every moment.

Those places are not his places. Come back to Milwaukee. The New York Times

Bosnia: Hawks in Congress Talk Tough With Others' Lives

By Frederick Bonhart

BRUSSELS — Under pressure from Congress, the Clinton administration is pushing toward heavier NATO air attacks in Bosnia. But the accusations emanating from Congress of alliance ineffectiveness and United Nations weakness are misdirected; they should be aimed closer to home.

On the initiative of the U.S. defense secretary, William Perry, at the recent meeting in Seattle of allied defense ministers, NATO has been working out a common position with the United Nations. It will surely permit NATO aircraft to intervene more rapidly, with less warning to potential military targets, possibly resulting in more effective air strikes.

This will not, however, change fundamentals. The choice will remain the same as that available at the outset of the Yugoslav crisis: either to try to persuade the combatants to reach some agreement while also attempting to save lives by humanitarian activities, or to intervene massively. Massive intervention, with American leadership, could have been effective early on. Had the United States then aroused the United Nations and been prepared to mobilize forces on the scale of those recently sent to the Gulf, the NATO allies surely would have joined in; Russia was ready to take part, and the rest of the world would have followed. But the administration and

Congress were unwilling to risk American lives and resources in what they considered to be a European problem, and the Europeans were not ready to deal with it without American might. The present sorry situation is the result.

The U.S. Congress and administration are rightly worried about NATO's credibility, as are the other allies. The recent air attacks inflicted so little damage as to draw widespread public scorn. Congressional critics blame the UN command in Bosnia, which they accuse of managing the conflict in such a way as to keep it at a relatively low level. They want NATO to take the initiative and, by doing out direct punishment for perceived violations of UN-imposed restrictions, bring the Bosnian Serbs to heel.

This is a simplistic view of a most intricate tangle; it is based on faulty analysis, and it is highly dangerous. Massive air strikes cannot solve this crisis, unless they were in support of major ground actions by powerful forces. None of the NATO allies is now willing to supply these — and in particular not the United States.

That is why critics in Congress press for the cheap solution: casualty-free high-tech NATO air strikes, combined with ground

action by the Bosnian government army. These critics wish to lift the embargo on arms sales to Bosnia to make this possible. But allied military observers — and the Bosnians themselves — know that they are neither organized nor trained for this task. Breaking the embargo would, however, raise the conflict onto a different scale, with unforeseeable but certainly bloody results. President Alija Izetbegovic seems to have understood this. A unilateral American decision of this sort is likely to have wide-ranging political consequences.

NATO is involved in the former Yugoslavia as an agent of the United Nations. The United States is a member of both organizations and has agreed to the mandate under which NATO operates. This mandate can be expanded, as it already has been, but there is a limit beyond which the United Nations cannot go. No consensus exists in the Security Council to single out the Bosnian Serbs as the sole culprits and to engage in general war against them.

The United Nations force in Bosnia consists of troop contingents from nations that have agreed to provide them for a peacekeeping mission. This was initially that of escorting humanitarian supplies to civilians caught in the fighting; later it was expanded to protecting them in designated "safe areas."

Their role is explicitly limited to ensure that they do not become a party to

the conflict. They are armed and equipped for this role only and not to engage in major combat; they have carried it out patiently under arduous and dangerous conditions and they have suffered casualties. Congressional critics should remember that no American troops participate.

It is now likely that consistency with this policy will pay off. The Bosnian Serbs have maneuvered themselves into an increasingly difficult situation from which they will have to break out either by increased violence — which would antagonize their supporters — or by accommodation. NATO and the United Nations should be ready for either.

As for NATO's credibility, the task is to make the public — including the U.S. Congress — understand the difference between defensive readiness against an evident threat of immediate mass attack, and actions to deal with the far more intangible security risks of economic decline and political disintegration.

The one has receded but cannot be permanently excluded; the other is on the increase. The alliance has to be ready for both possibilities.

The writer is editor of NATO's Sixteen Nations, an independent military journal published in Brussels. He contributed this comment to the Herald Tribune.

Why Clinton Gets No Respect at Home — No Matter How He Tries

By E. J. Dionne Jr.

WASHINGTON — No wonder Bill Clinton bearded off to the Middle East. He gets no respect at home for the economic recovery or for the domestic policies that had at least something to do with it.

His clearest domestic achievement, a reduction in the deficit bought with large amounts of political capital, is barely noticed.

Republicans are now trying to use a memo written by the budget director, Alice Rivlin, to suggest that he may have all sorts of new budget pain up his sleeve.

Mrs. Rivlin's only sin was to be utterly honest in laying out the choices that would bring the deficit down further. The Republicans say they are for a balanced budget amendment — and tax cuts, too — but do not want to deal with the particulars served up by Mrs. Rivlin.

The episode proves that despite the windy proclamations, there is no effective political constituency for deficit reduction. If you dutifully try to chip away at the deficit, all you harvest is blame and disappointment.

But that is only one reason why economic successes are not helping Mr. Clinton. A second is that the voters are less and less inclined to credit the government or politicians for good news in any sphere. That may be because the recovery is not lifting all boats. This is reason No. 3 for Mr. Clinton's doldrums.

He is not being helped much by the many upper-income voters who are doing very well under Clintonomics. A lot of them do

not like his policies (especially those taxes on upper incomes), and are, in any event, loyal Republicans. Normally, a Democratic president could offset their opposition with support from the middle and lower-middle end of the income distribution. But these are the very voters who sense that their incomes are not rising.

The Democrats' problem was outlined this month in an important paper by Ruy Teixeira, an analyst at the Economic Policy Institute. At the heart of the Democrats' political problems, he says, are the wage problems of a significant chunk of the middle class. Many of these voters respond to anti-government rhetoric because they are angry. But Mr. Teixeira points out that in the absence of action by government, many of these same voters will see their incomes skid further.

This creates a terrible paradox for President Clinton. There now exists no strong constituency for government activism. Yet successful government programs in the areas of education, training and public investment may be the only way to heal alienation from government.

Mr. Clinton may have contributed to the souring of the public's mood himself by what he said in pursuit of his health care plan — reason No. 4 for his troubles. At a time when he might have trumpeted how much better things are, he talked down his own economy with stories about those Americans who lacked health insurance.

His next problem, No. 5, might be summarized as "Mamma, don't let your babies grow up to be Democrats." Being a Democrat is like being a Red Sox fan: It means being affiliated with a glorious institution that always contrives to self-destruct and disappoint. When "New Democrats" and "old Democrats" fight one another, both criticize Mr. Clinton to prove their points.

New Democrats ignore the fact that Mr. Clinton brought the deficit down, cut public sector jobs, passed the national service program, supported the North American Free Trade Agreement and embarked on a serious program to "reinvent" the government bureaucracy.

Instead they complain that Mr. Clinton abandoned them and pursued old-style "big government" policies, his health plan being exhibit No. 1. The party's more traditional liberals play down Mr. Clinton's embrace of national health insurance and complain about NAFTA or about too much deficit reduction or about his welfare proposals. With a party like this behind you, who needs the Republicans to stab you in the back?

But then there is the final issue: How much of this is Mr. Clinton's doing? He always understood that neither "old" nor "new" Democrats could win on their own. But instead of persuading each side to move toward the other, he has mostly led both to believe that he is less than loyal to

their ideals. This falls under that terrible rubric of "The Trust Problem," and the administration still has not solved it.

As Ruth Marcus of The Washington Post pointed out recently, the administration has made things worse with its habit of telling less than the whole truth on little matters, which then become bigger matters. As a result, the administration is doubted even when it is telling the truth on the budget, health care costs or the state of the economy. Even Mr.

Clinton's most thoughtful speeches about hard choices and large purposes get discounted as mere "politics."

With some victories in foreign policy and some successful campaign outings, Mr. Clinton has had a good couple of weeks. He has been inching upward in the polls, and he is trying hard to make Americans believe in the economic recovery. But to get there, many of them will have to be persuaded to believe him.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: A Dangerous Sport

NEW YORK — The Secretaries of War and Navy have decided to prohibit the football game between the naval and military academy teams on Thanksgiving Day, mainly on the ground that the casualties of football are much greater than they ought to be. Moreover, they say there is little need of football as a means of physical training and that it has interfered with the studies.

1919: National Dryness

WASHINGTON — The House, by a two-thirds vote, has re-passed the Prohibition Enforcement Bill over the President's veto. It is expected that the Senate will also override the veto, thus dashing the hope of the "Wets" for a respite in the condition of national dryness. President Wilson was opposed to the

1944: Stillwell Recalled

WASHINGTON — [From our New York edition:] General Joseph W. Stillwell, picturesque commander of ground forces in the Southeast Asia Command since the start of the war, has been relieved of his triple command in the China-Burma-India theater. The announcement, giving no explanation for the recall, immediately precipitated a wide range of speculation. Rumors ranged all the way from a report that Generalissimo Chiang Kai-shek had demanded the general's recall because of their inability to work together to the conjecture that General Stillwell's knowledge of Asia and Japanese tactics is to be put to use here in connection with the over-all campaign to drive the Japanese off the Asiatic mainland.

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Moghul Miniatures: A Large Discovery

LONDON — On Oct. 19, an extraordinary manuscript with miniatures from Moghul India, or Hindustan as it was called in the East, came to light at Sotheby's.

In the empire ruled by an Islamic dynasty that prided itself on its Mongol ancestry but was otherwise thoroughly Persianized, the literature read by the court and the cultivated public was Persian. The primary text in any court following the Iranian model was the Shah-Nameh, or Book of Kings, written in the 10th century by Ferdowsi as a stylization of Iranian history. Curiously, however, few illuminated Shah-Namehs from Hindustan survive. Until Oct. 19, none was known that could be dated prior to 1600.

The sudden appearance of an unrecorded manuscript, damaged but retaining 37 miniatures that were executed in the last third of the 16th century, is a sensational discovery.

Much more remarkable though, is the revelation of a hitherto unknown style. Sotheby's catalogue assures that the text was copied in the 15th century and adds that in some cases miniatures were painted over the traces of earlier 15th century compositions.

There is no evidence of that. The calligraphy, a cursive

naskh typical of Hindustan, seems contemporary with the miniatures.

While some miniatures show features that would be archaic for Iran in the late 16th century, these are not surprising in the conservative aesthetic climate of the Persianizing courts of India.

Elements from every corner of the Iranian world can be recognized in a mix typical of Hindustan. The heritage of the Herat school survives in some, while others incorporate ideas from the Western Iranian schools.

But the iconography of the miniatures, surprisingly distinct from the Iranian tradition of the time, points to a fully constituted, highly original school. Awareness of Western art that was arriving in Hindustan is creeping in.

Artists' names were added under the miniatures by librarians in early 17th century. In the catalogue, they have been uncritically taken at face value, as proof of authorship.

In any event, this discovery will lead to a reconsideration of the early history of Moghul painting. The manuscript was bought anonymously for £210,500. It was not cheap, but the unique is not easily priced.

Souren Melikian



This illuminated manuscript sold for £210,500

Art Fairs Flourish, Putting Dealers at the Vanguard

Continued from Page 7

where Augsburg and Nuremberg silver beakers and tankards, dishes, ewers of the 16th and 17th century can be seen in really large numbers. Fritz Payer of Zurich, the leader in the field, had filled his vitrines with an array of such vessels whose price range for the most part is roughly \$15,000 to \$80,000. Albrecht Neuhaus of Wurzburg, the Kugel Brothers of Paris and S. J. Phillips of London had an array of splendid as well as more modest pieces that was sufficiently diverse to allow buyers to see in perspective the objects they were coveting. That is important, even for highly trained collectors.

Another element in the success is the atmosphere of the fair. There is none of the promotional blare and glitz that makes auctionhouse sales increasingly exasperating to experienced collectors as well as to cultivated beginners who want to learn about the art they are becoming interested in. Dealers like Blondel, Neuhaus or Payer, deeply immersed in their field, take pleasure in sharing some of their knowledge with those whose interest in the object is real. There is an Old World ring of culture and learning to Maastricht. It is echoed in the concurrent classical music concerts, and the talks timed to go with it. This year, a splendid exhibition of art treasures from the Hermitage came as an additional prize.

Something of the kind may be in the making in New York. A new "Fine Art Fair," focusing on paintings, drawings and sculpture from the Renaissance to the late 19th century came into existence this year. Walking into the Armory

building, where it was on May 13-17, the first thing one noticed was a general resemblance to Maastricht. In contrast to the October and the January Armory shows, which vary greatly in quality from one stand to the next and have a bustling, sometimes folksy touch, the May show was orderly, better displayed and mostly of a very high standard of quality.

There was no perceptible difference in approach between the American dealers and the Europeans who had arrived en masse. John and Paul Herring, the New York dealers in Old Master drawings who normally carry on their transactions from home, for the first time made a public appearance with a display that was no different in conception from that of a European trio of galleries, Katrin Bellinger of Munich, Bruno de Beyer of Paris and Hazlitt Goodden & Fox of London. The presence of the New York twins, renowned for their inclination toward secrecy as much as for the sharpness of their eyes, was more than just a compliment to the fair in the making. It amounts to an acknowledgment that the situation on the dealing scene has drastically changed.

The same conclusion may be drawn from the participation of some big shots in Impressionist and other Avant Garde 19th century painting from Europe. Waring Hopkins, an American expatriate, had come all the way from Paris

with a contingent of heavyweights — Degas, Sisley, Redon. He sold a lot. Most telling perhaps was the eagerness with which the Galerie Schmit of Paris, one of the big players in the international game, leapt at the opportunity of taking a small stand that became available at the 11th hour.

Emmanuel Schmit brought just three Impressionist pictures, including a poetic view by Monet of the snow-covered lower Alps seen from Cap d'Antibes.

None sold on the spot. All three were actually included in the catalogue of the selling show that had opened earlier in Paris on May 4 and ended on July 12. But an immediate sale is not necessarily what dealers handling works worth millions have in mind in such art fairs. The primary aim is to seek new clients and also to catch the eye of potential vendors. Both generally turn up after the fair closes.

Art fairs have become a craze which can only gather momentum. For some dealers like Thomas Colville of New

Haven, Connecticut, they are a way of life.

Mr. Colville deals in 19th century American Impressionists and other Avant Garde artists, as well as their French sources, from home by appointment. Fairs are the only public facade he wishes to have. Michael Goodhuis of London, the Oriental art dealer who closed down his gallery "Colnaghi Oriental" in 1989, now does three quarters of his business in Far Eastern bronzes through fairs (and the rest from home).

Occasionally, he toys with the idea of opening a new gallery. He probably will not. Too many galleries were virtually

deserted last season. Buyers just do not have the time to stroll around. And art fairs, Mr. Goodhuis says, offer an "intensity of exposure to people" that no gallery ever can. "Also, I find them very interesting. I see what is in the market, what other dealers believe is selling, what buyers really go after (a red sticker tells you that)."

The best art fairs now stand somewhere between an Art Stock Exchange and an Old Boys Art Club. The combined lure makes them irresistible.

SOUREN MELIKIAN is art editor of the International Herald Tribune.

Gallery Hopping On-Line

By Claire Wilson

PARIS — Art purists may bristle at the idea of digitalizing old masters and selling them electronically, but in a matter of months anyone needing a Rembrandt for over his fireplace will be able to go gallery-hopping along the information superhighway.

Using interactive computer software called ArtView, a buyer in Paris will be able to consult a computer screen to see sharp, color images of paintings, sculptures, art glass or works on paper that are for sale, say, in Tokyo, Los Angeles or London, and then buy what he wants on the spot.

Ken Nahon, the New York dealer who developed the Macintosh-based system, says it's so user-friendly that he has been unwittingly selling items from his own inventory while trying to demonstrate the technology to friends and potential backers.

"I was showing it to someone who bought five pieces then said, 'Know what? I'm going to invest in your company, too,'" recalls Mr. Nahon, who specializes in contemporary artists.

Members of the art establishment have long been enthusiastic about using computer technology, particularly for research and restoration. A number of museums are developing interactive systems as educational tools; the Art Institute of Chicago has 250 of its paintings on interactive laser disk and the National Gallery in Washington next year will open an interactive Micro Gallery.

Such systems may become commonplace, but no matter how good they get that certain something will always be missing, says Jean-Marc Leri, director of the Musée Carnavalet, the museum of the city of Paris. "There's still an emotional relationship between an individual and a work of art that even the best system can't provide for," he says.

The Russian-born painter

Igor Andreiev, who is based in Paris, is skeptical about the system for the same reason. "People buy largely on impulse, which is why you always sell at least 40 percent of the work exhibited at gallery openings, where the artist is usually present," he says.

Marketed worldwide by New York-based Monicorp, ArtView works via an on-line service that only certified dealers will have access to. Each gallery will go on-line with digitalized visuals of the works of artists they represent as well as biographical information. If they wish, they can add interview clips or videos of the artist at work.

Once logged onto the system, a gallery will not be restricted to its own artists and inventory, but will be able to show hundreds of works of art from other galleries in the network.

The buyer will be able to specify what he wants, whether it's a particular color scheme or a specific artist, period, medium, size or place of origin. ArtView will be able to show what it has available to fit the request.

The system's images can be pulled in for close-up views so that the condition of a painting or the artist's signature can be checked, or offer the buyer a 360-degree view of a piece of sculpture. The buyer will be able to put the work on hold or get a high-resolution printed image to take home to see how it will fit into his decor.

The buyer will also be able to purchase the work immediately via electronic transfer of funds. Because Monicorp is developing its own on-line service, it will be able to guarantee the confidentiality of the financial transactions.

Mr. Nahon plans to launch ArtView with 80 U.S. galleries early next year, and predicts he will have about 500 galleries on-line in the United States by the end of 1998. He will tap into

European inventories by early 1996, then reach into Asia.

According to Mr. Nahon, one of its most far-reaching features will be the development of a database for the art industry which until now has had no reliable reference system. By tracking things like price, mark-ups and ownership, ArtView will eventually provide a market index for the way Dow Jones does for the stock exchange. Monicorp has developed a numbering system, the International Standard Art Number which will help in the compilation of data.

Mr. Nahon says ArtView could also bring much needed exposure to young or regional artists who often have difficulty getting recognition.

In Düsseldorf, Germany, Dr. Alexander Fils, whose company Schumacher/Edition Fils has been publishing limited edition drawings and posters since 1870, says ArtView would give a boost to the German figurative painters he handles.

MORE than that, he thinks ArtView will streamline his business and help cut costs. "This will avoid art work going from gallery to gallery and save on damage, not to mention replacing catalogues, and eliminate the need for printing and mailing leaflets," says Mr. Fils. "It is a very important step."

Dealers agree. "Ten years ago, the fax machine completely changed our way of dealing with people," says Loïc Malle, vice president and director of the Didier Lambert Gallery in Paris. "If we all get computerized like this, it will change things again by 500 percent."

CLAIRE WILSON is a journalist based in Paris.

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Arts and Antiques / A Special Report

National 'Theme' Sales Set Records

By Souren Melikian

LONDON — The auction houses are rediscovering nationhood and Christie's is leading the band.

It started three years ago when the market was deep in the doldrums. Noel Annesley, Christie's deputy chairman, was struck by the number of Spanish buyers who were still coming to London in 1991, as if no economic crisis had broken out — Spain was the last to be hit and its art buyers continued to be active on the auction scene when most other nationalities displayed caution. A Spanish art sale was put together, including a splendid El Greco preparatory study in oils for the "Disrobing of Christ" estimated to be worth £1.5 million to £2.5 million.

Sadly for Christie's, by the time the sale actually took place on May 29, 1992, the icy wind of the crisis was blowing like an Arctic blizzard over Spain. The sale was not quite the roaring success it might have turned into a year or so earlier, but under the circumstances it did not do badly. While only 55 percent of the pictures, drawings and prints offered found buyers, if measured in value the percentage of sold items climbed to a creditable 75 percent. The El Greco went up to £1.87 million in a sale that totaled £6.1 million.

This was encouraging. A year later, on May 19, 1993, Christie's focused on "German and Austrian Art" with fairly comparable results, if expressed in sheer numbers: 44 percent of 662 lots (ranging from pictures to prints and posters) were sold, but in value

the proportion rose to 75 percent of the total. In any case, a £7.2 million sale is not to be sneezed at.

This year, Christie's stepped up the rhythm. In June, it had a French week. June 9 was earmarked for furniture, and June 10 for French pictures. The decorative works of art went well. The unsold lots, 17 percent of the total, never stood much of a chance — pieces such as a low parquetry table of no specified period or a pair of ageless ornate chenets (fire dogs) simply had no place in such a sale. As for the star pieces, they went through the roof.

Two Chinese temple vessels in purplish blue porcelain of the Kangxi period were noteworthy for their elaborate ornate fittings ascribed to the famous Pierre Gouthière. They once belonged to Marie-Antoinette of France. The queen had them transferred from Versailles to the Chateau de Saint Cloud when she left the palace after it was invaded by a mob on Oct. 6, 1789. By Dec. 16, 1793, the objects entered the recently founded Louvre Museum and later were sent back to Saint Cloud. Later still, they were removed from the inventory of Saint Cloud by Napoleon III who needed to make a present to his half-brother, the Duc de Morny.

Objects of this caliber fall outside any market category. The publicity that surrounded the French sale, brought passions to boiling point. They climbed to £1,046,500, paid, as it soon transpired, on behalf of the Louvre.

Other scores, which might seem puny by comparison, are equally telling regarding the additional boost that national theme sales give certain objects. A pair of Louis XVI candlesticks in the Pompeian manner, stern with their neoclassical black bronze figures, doubled the middle estimate as they climbed to £29,300.

The day after, it was the turn of French masters. Only 21 pictures out of 54 were sold. Measured by value, the score looks better: the proportion of works sold stood at 62 percent. The mistake made by Christie's had been to assume that in national theme sales, buyers

are only bothered about category, not intrinsic quality. That enthusiasm was not lacking was proven by the better lots. Eustache Le Sueur's "Christ on the Cross with the Magdalen, the Virgin and Saint John the Evangelist," consigned by the Bar Givent in York, was one of the finest pictures by a 17th century French master seen in years. The National Gallery of London pounced on the opportunity. At £397,500, the crucifixion set a record for the artist.

Other works more difficult to sell found a niche where the novelty justified it. Such was the case with a picture by Jean Baptiste Oudry in dark greenish tones that are not exactly popular. Painted in 1733, it shows a bird of prey pouncing on ducks. Christie's notes that this is the earliest scene of this type so far. Hitherto known only from an engraving, the composition seems never to have surfaced since it was sent by the artist to Schwerin in 1734. The surprise effect jolted the attendance into action. The dark picture sold for £34,500.

If so many other paintings failed, this is essentially because an overpriced third-rater will never make the grade any way. Gazing at the dark portrait of the Duc d'Orleans exuding boredom that Ary Scheffer signed in 1838, it was hard to imagine who might want it whether at £6,000 to £8,000, the estimated bracket, or at any other price.

The lesson registered. On Oct. 13 Christie's held yet another sale of "German and Austrian Art." This time, greater care was taken in selecting the works. Most important, there was just the right proportion of pictures that catch the connoisseur's eye by their novelty.

Early in the sale, a hitherto unrecorded work by Heinrich Reinhold (1788-1825) was an enchanting surprise. The view of Saint Peter seen from the Villa Pamphili is dated 1824, which places it a few months before the artist's death. Large oil paintings from that period are extremely rare. This one is the larger version of a landscape preserved in the Thorvaldsen Museum in Copenhagen.

Christie's speculates that it may well be the picture that was exhibited in Berlin at the Kunstakademie in 1824. The view exceeded its estimate by a third, rising to £63,100.



A study for 'The Disrobing of Christ' by El Greco.

Of all the recent discoveries, none stirred the attendance quite as much as Johann Philipp Eduard Gaertner's view of Unter den Linden. Beautiful neoclassical constructions as they stood in 1836 line a broad avenue and give a sense of orderly urban immensity. The small painting does not include the equestrian statue of Friedrich II in neo-18th century style which was set up later, in 1851. The feel for horizontality, typical of 18th century urban layout, is intact. The painting shot up to £243,500.

But the success was not confined to dreamy evocations of the past. Twentieth century art fared just as well. Emil Nolde's "Herbststurm XVI" is a stunning rarity. Still in its original frame, the view of a tempestuous sea with green and black waves under a totally unreal sky with swirling bands of yellow and purple caused a sensation. It made £507,500.

Drouot's Dominance Faces a Challenge

By Barry James

PARIS — Drouot, the oldest auctioneering company in Europe, is fighting to defend its unique status — and monopoly — from assault by Sotheby's and Christie's, the major auction houses on the other side of the English Channel.

The French government has so far rejected demands by the European Commission that it open up the national market to foreign competition, a stand that may eventually put it in the defendant's dock at the European Court of Justice in Luxembourg.

Sotheby's, which is leading the attack with the support of the British government, argues that it should be allowed to organize sales in Paris under Article 59 of the Treaty of Rome, which provides for the free flow of goods and services. The Commission backs this view, and has twice written to the French government.

France retorts that the article does not apply to government officials, which is what the French auctioneers in effect are. Drouot is the collective name for the 108 independent members of the Company of Auctioneers of Paris. They, and others like them around the country, have to pass examinations on law and art history. They then take an oath before the Ministry of Justice to impartially defend the interests of both sellers and buyers. They are intermediaries, forbidden by law to trade themselves.

The system, which has existed formally since 1552, offers advantages. Drouot offers a free and independent valuation service to sellers. At the same time, it gives buyers a 30-year guarantee of authenticity versus the caveat emptor policy of the British companies. If a work proves not to be authentic, the Paris auctioneers collectively have to make up the loss.

By the end of the session, Christie's had every reason to congratulate itself even if 30 percent of the works offered remained unsold — there were still too many fillers-in. There can be no doubt about it: the national theme sale, where carefully mounted, has a great future. It enjoys the rare advantage of being equally attractive to owners of the best works and to the best buyers.

might of the big London houses. They also argue that an unequal tax system makes it difficult for them to compete on international markets.

Joël-Marie Millon, the president of the Paris auctioneers, has proposed setting up a federation to take on the foreign competition collectively rather than individually. He proposes that the auctioneers form a company called Drouot SA, open to 49 percent foreign capital participation.

The Millon plan would require an act of parliament to change the status of the auctioneers, and time has run out during the current legislative session. Any change, therefore, will have to wait until after the presidential elections next year.

Sotheby's argues that the Paris auctioneers' fear of competition is exaggerated. It says that the Paris art market has, in effect, moved to London — and to a lesser extent Monaco and Geneva — because sellers want as much international exposure as possible.

If the commercial companies are allowed to organize sales in Paris, then the market will simply move back here, according to the Princess de Beauvau-Craon, Sotheby's managing director for France.

The princess said the main opposition seems to come from the smaller auctioneers, particularly in the provinces, which are precisely the ones that have least to fear from foreign competition.

"If they are convinced that their system is better, why are they afraid of competition?" she asked.

Support for the Sotheby's position has come from an unusual quarter, from the Minister of Culture, Jacques Toubon. Despite his staunch defense of the French language against Anglo-Saxon invasion, Mr. Toubon said earlier this year that the opening up of the market seems inevitable, and that he is in favor of it.

"I think it is better to fight on the offensive than on the defensive," he said. "If the development of the art market in France is in the general interest, I think that the installation of the commercial companies is desirable. That is my analysis, but the position of the government does not go as far."

The Keeper of the Seals, as the Minister of Justice is known, has fiercely resisted all attempts to pry open the auctioneers' monopoly. His department argues that the principle of a free supply of goods and services no more applies to auctioneers than it does to lawyers or notaries public. One reason for the ministry's concern is that the government would probably have to compensate the auctioneers financially for the loss of their monopoly status.

BARRY JAMES is on the staff of the International Herald Tribune.

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ART

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Contemporary Art: Back to 1980s?

International Herald Tribune
LONDON — All the indications are that contemporary art and 20th-century masters are set for a new phase of prosperity.

As the Thursday morning session in Christie's Contemporary Art sale ended, the head of

SOUREN MELIKIAN

the department Hugues Joffre could not contain his glee. The total sold by value was 88 percent. Even more cheering than figures is the feeling that the pattern of the early 1980s seems to be repeating itself. The end of the 1981-82 slump was signaled, Joffre says, by the rise of the Cobra school of painting.

On Thursday, these were selling like hot cakes. Only two minor gouaches were left stranded. As in the early 1980s, the buyers were mostly from Scandinavia or from German-speaking countries, and many were new players in the field. The most important painting, Asger Jorn's "The Only Possession," done in 1960, went to an Austrian who defeated a Dane. It illustrated in two reference books, it climbed to \$69,700 (about \$113,600), more than the high estimate.

Possibly sung at missing out, the Dane took his revenge with the next lot, Pierre Alechinsky's "L'Enlèvement, l'enveloppement" for which he paid \$65,300, outbidding the Austrian.

Another dual was fought over the telephone by two collectors who both wanted Karel Appel's "Bataille," of 1959. A Spanish buyer, hitherto unknown on the auction scene, paid \$80,700 to wrest his coveted prize from another Austrian bidder.

Seen from the art historian's perspective, the massive role played by the Scandinavians and the German speakers is not surprising. The Cobra movement was founded in Paris, in 1948, by artists from Copenhagen, Brussels and Amsterdam. Works by Jorn, Appel or the early Alechinskys are strongly expressionistic. They display a violence in movement and strong color

contrasts that make them the distant descendants of German Expressionism.

The afternoon session, which offered a range of low-priced Spanish, German, American and French works, could easily have run into difficulties had the market been uncertain. But it fully confirmed the trends outlined in the morning. The Germans were actively buying both German and American paintings. Horst Antes did well. A head seen sideways with nine eyes painted on some folded paper stuck to its cheek cost its German buyer \$58,700. Frank Stella was equally well received. Another German collector paid \$67,500, nearly twice the high estimate, to get a rigidly geometric composition of 1964 called "Les Indes Galantes (Small Version)."

Yet, in this market which gives every sign of taking off, extraordinary opportunities still turn up. On Wednesday, in a sale that focused exclusively on British art, buyers had their best chance in years to buy powerful paintings by one of the towering figures of the 20th century. Yet few among them seemed to recognize the fact.

THE occasion was the dispersal at Christie's of the collection of contemporary British watercolors formed by the late Sir Frederick Gibberd. The architect liked watercolors. He started collecting British contemporary works with a marked preference for well-composed, well-structured scenes and landscapes. As architects in the past often did, Gibberd had a strong feel for sculptural form. The discovery of Edward Burra's watercolors at an exhibition at the Lefevre Gallery that has been handling the artist's work since 1935, filled him with enthusiasm.

Burra, famous within a narrow circle of 20th-century art connoisseurs, mostly British and American, is virtually unknown to the public despite the retrospective at the Hayward Gallery in 1985.

Born into an upper-class family, Burra escaped the con-



Asger Jorn's "The Only Possession" sold for £69,700.

ventional mold of public school education in Britain because doctors declared when he was 13 that he had not much longer to live — the artist suffered from acute arthritis until his death at the age of 71 in 1976.

His early gifts for drawing were encouraged by his parents, who made sure he received private instruction in Rye, Sussex, where he spent most of his life. Two years in the art department of Chelsea Polytechnic and another two years at the Royal College of Art gave Burra the required knowhow.

By the late 1920s, he was an accomplished draftsman. Finding painting in oils too painful for his arthritic hands, he turned to watercolor. Extensive travel, in France particularly, exposed Burra to the whole range of European avant-garde painting. For a while, he hovered between a form of sophisticated Expressionism influenced by George Grosz and Surrealism. Well read, highly literate artistically, he developed in the 1930s a Surrealist style that at times calls for comparison with Yves Tanguy or Salvador Dalí. At other times, it is reminiscent

of Giorgio de Chirico. But the sophistication of Burra's compositions, behind their apparent simplicity, sets him apart.

In 1963, Gibberd bought from one of the Leftvies shows one of Burra's masterpieces, now known as "Prisoner of Fate." Done in 1937-38, the monumental composition bears the stamp of the painter's familiarity with Georgian neoclassicism. A sculptural form is seated in the foreground. Estimated to be worth £60,000 to £80,000, the large watercolor sold for £62,000 with premium. This is nothing if measured on the scale of 20th-century masterpieces, but brilliant when compared with the £320 it cost Gibberd in 1963.

Most remarkable were two landscapes, highly stylized, yet still identifiable as such, done in Burra's uniquely idiosyncratic manner. Dated 1965 and 1971, they went for £20,700 and £36,700 respectively. The last time a Burra was seen, at auction in May 1992 at Sotheby's, it had set a record for the artist at £199,500. There is still hope for those who have an eye, but are not prepared to spend millions of dollars.

American Indian Museum Opens

By Holland Cotter
New York Times Service

NEW YORK — It has been said that America will never know peace until the damage done to its native people has been acknowledged and their cultural birthright restored.

The National Museum of the American Indian, which opens Sunday at the Alexander Hamilton United States Custom House, may someday be counted a significant step toward that end.

Judging by the museum's inaugural presentation, however, that step is still faltering and exploratory. The 500-plus objects on display in three contiguous shows are of surpassing beauty; together they demand inclusion on any itinerary of the city's major art attractions. But they have nearly been sabotaged by an overproduced installation and by a curatorial philosophy that too often favors political grandstanding and feel-good sentiment over discretion and scholarship.

The newly refurbished landmark 1907 Cass Gilbert building next to Battery Park is a Beaux-Arts marvel, but in purely practical ways it is ill-suited to its current task. The immense vaulted rotunda that dominates its interior is not only unusable as exhibition space (though it has art of its own: 1937 murals of the New York waterfront by Reginald Marsh), but also has necessitated the construction of narrow, awkwardly aligned galleries around its perimeter.

Within them, the museum has organized three separate and — on paper, at least — conceptually different exhibitions. The first, titled "Creation's Journey: Masterworks of Native American Identity and

Belief" and including objects from North and South America ranging in date from 3200 B.C. to the 20th century, is intended to be a historical overview.

The next section, "All Roads Are Good: Native Voices on Life and Culture," consists of work chosen by 23 American Indian artists, writers, educators and community leaders. The final offering is an elaborate collaborative installation created specifically for the museum and titled "This Path We Travel: Celebrations of Contemporary Native American Creativity."

"Creation's Journey" offers an entrancing and ecumenical selection of work, including a 19th-century mask from British Columbia, a painted Crow shield from Montana, a brilliantly dressed Seminole doll, a 1930s Pueblo blackware dish and carved Inca drinking cups in the shape of jaguar heads.

THE smorgasbord of display devices marshaled for the current shows range from sound-and-light video presentations, to piped-in soundtracks, to dioramas and architectural motifs, to wall texts that play down hard information in favor of interpretive glosses drawn largely from myths and oral traditions.

Nearly all these still-experimental components have been used and combined with success elsewhere — in the Museum for African Art's "Face of the Gods" last season in SoHo, for example — but here they are jammed together willy-nilly, as if the objects they encompass are not trusted to speak for themselves.

Fortunately, the often eloquent voices of American Indians are heard in the second exhibition, "All Roads Are Good," which consists of personal selections from the museum's holdings by guest curators.

Several of their choices fall along their own tribal or craft lines; others appear to be wide-ranging intuitive responses to objects, as in the case of Tom Hill's selection of both an Ottawa woman's simple hat woven of grass and a fabulous Seneca headdress of wampum beads and feathers, or Gerald McMaster's inspired gathering of hundreds of pairs of footwears arranged in a semicircle, toes pointed in dance position toward the center.

Again, however, the work is undermined by ungainly displays and by the museum's decision to lump disparate cultures together.

Editorial interference is particularly evident in the installation created by 15 contemporary American Indian artists for the last show. Suffice to say, its hodgepodge of fake mesa-walls, video monitors inside clay pots, a raised burial platform and sloganeering platitudes cross the line between art installation and theme park.

Because the scope of the art it encompasses is vast — chronologically, geographically, conceptually — the urge to offer encyclopedic, user-friendly exhibitions must be strong. And because the museum has become associated with a conscious attempt at ethnic self-definition and validation, an atmosphere of advocacy hangs in the air.

Such advocacy is, in fact, unnecessary. The art of the American Indian is a great art. One need only look at the objects here to see that this is so. And for this very reason, it deserves exactly the perquisites granted to any other art: scholarly analysis matched by delighted appreciation, consideration as a monument of human accomplishment tempered by respect for its active role as a continuing tradition.

A Peak at Schliemann Treasure

By William H. Honan
New York Times Service

NEW YORK — The Schliemann Treasure, the hoard of ancient gold and silver discovered in the ruins of ancient Troy in the 1870s that has been hidden in Russia since the closing days of World War II, has finally come to light, says a group of German museum officials who viewed the treasure recently at the Pushkin Museum in Moscow.

"I have seen all 260 pieces of the treasure, and the experience was overwhelming," said Klaus Goldmann, a curator at the Berlin Museum of Pre-History who was one of three German museum officials invited by

the Russian Cultural Ministry to inspect the treasure on Tuesday. "It is the symbol of all the world's treasures," Goldmann, who has been searching for the treasure since 1971, said in a telephone interview.

Wilfried Menghin, director of the prehistory museum, said the objects were still packed in the crates used by the Germans in 1939. It remains unclear why the Russian government decided to reveal the treasure after keeping it in hiding for nearly half a century. The Russians have not indicated whether, or under what conditions, they will return the treasure to Germany.

Last year, the Russian minister of culture startled the museum world by suggesting that his government might return the objects to Greece.

The immense collection of rings, buttons, belts, brooches, pins and coins, two dozen spectacular diadems, crowns and breastplates, a dozen cups, crosses, goblets and wine jars has been described by experts as worth more than any treasure trove ever found.

Schliemann's gold was discovered at excavations between 1873 and 1878. Many scholars at the time believed that ancient Troy was an imaginary city invented by Homer, but Schliemann, who committed to memory long passages of "The Iliad" and "The Odyssey," believed the story of the Trojan War was real. He thought he could prove his case by discovering ancient Troy and perhaps by finding its gold treasury as well.

IN BRIEF

In Louvre's Former Stables, 2 New Sculpture Galleries

PARIS (AFP) — The Louvre has created two new galleries in the vaults of its former stables to show works by Donatello and Michelangelo that had rarely been displayed.

The galleries are in the Louvre's southern wing. The inauguration is the latest stage in the Grand Louvre project. The museum opened its Richelieu wing in the former Finance Ministry premises last November.

The galleries house more than 400 works. Pride of place in the upper Michelangelo gallery, formerly an entrance area, is given to the artist's "Slaves," which

benefits from the light from the south-facing windows looking out toward the Seine.

In the lower gallery, the former stables, architects Catherine Bizarou and François Pin have ripped out the false ceiling to reveal perfectly preserved vaulted stone work. Within this gallery are housed not only works by Donatello but also by other Italian, Flemish, German, Spanish, English and Scandinavian masters from the 6th to the 19th centuries.

Appeal on Canova 'Graces' Rejected by British Court

LONDON (AP) — Britain won its battle to keep Canova's "The Three Graces"

when a court threw out a final appeal by California's J. Paul Getty Museum.

The Court of Appeals rejected the museum's application to overturn a government decision giving two British museums an extra three months to match the Getty's \$7.6 million bid. The Getty Museum had argued that the three-month delay in granting an export license was "irrational and unreasonable."

The way is now open for London's Victoria and Albert Museum and the National Gallery of Scotland to buy the marble sculpture. They announced Sept. 2 that they could match the Getty price.

The statue was commissioned in 1815 by the 6th Duke of Bedford.

BOOKS

THE FIRST DIRECTOR-ATE: My 32 Years in Intelligence and Espionage Against the West

By Oleg Kalugin with Fen Montaigne. 375 pages. \$23.95. St. Martin's.

Reviewed by Amy Knight

THE timing of this book, appearing as it does in the wake of the furor over the sensational Sudoplatov memoirs, "Special Tasks," is unfortunate for Oleg Kalugin. Like Sudoplatov, Kalugin was a top official in the KGB's foreign-intelligence apparatus, although of much more recent vintage. Given the extent to which Sudoplatov's claims have been discredited,

readers will doubtless approach Kalugin's book with skepticism. And perhaps they should. Though he proclaimed himself a democrat in 1990 and denounced the KGB, Kalugin had spent more than three decades trying to undermine Western democracies.

His highly successful career as a KGB spy began in 1958-59, when, as an exchange student at Columbia University, he learned the art of "active measures" and "stirring up trouble." He also recruited his first agent, a Russian émigré scientist, code-named "Cook." After perfecting his skills during a second stint in New York undercover as a journalist (1960-64), Kalugin spent the next five years at the Soviet Embassy in Washington.

In recounting his days as a

spy master in America, Kalugin does not make sensational revelations about Americans who colluded with the Soviets. He takes a more nuanced approach, offering tantalizing tidbits about his contacts with journalists and politicians and leaving the rest to our imaginations.

Though his descriptions of KGB operations ring true, and make for interesting reading, Kalugin's portrayal of himself as a victim who became increasingly disillusioned with the KGB after the 1968 invasion of Czechoslovakia is hard to swallow. How could the same person who planned the 1978 murder of Bulgarian dissident Georgi Markov and masterminded the 1981 bombing of Radio Liberty headquarters in Munich fret about the fate of democratization in the Communist bloc?

Kalugin's convoluted account

of his falling-out with the KGB leadership, which led to his demotion in 1980, also strains credulity. It all had to do, he tells us, with the mysterious "Cook," whom Kalugin had immediately handed over to his superiors after the initial recruitment in 1958. Cook fled to the Soviet Union in 1964, but Kalugin never ran into him. Then, 14 years later, the KGB decided to fabricate a criminal case against Cook because, according to Kalugin, they thought he was spying for the Americans. Kalugin rushed to Cook's defense, hence running afoul of the KGB leadership. That Kalugin ruined his career to defend a man he had not seen in 20 years seems implausible.

Kalugin insists in his book that Vitali Yurchenko, the KGB officer who defected to the United States in 1985 only to change his mind, was in fact a genuine defector and not a KGB plant. He also says repeatedly that Edward Lee Howard, a CIA spy who escaped to Moscow, was responsible for the exposure of several Russians working for the CIA. It is puzzling that Kalugin could be so certain about Howard and Yurchenko and yet have known nothing about Aldrich Ames, the CIA officer arrested last February on charges of being a KGB agent since 1985.

Amy Knight, the author of "The KGB: Police and Politics in the Soviet Union" and "Beria: Stalin's First Lieutenant," wrote this for The Washington Post.

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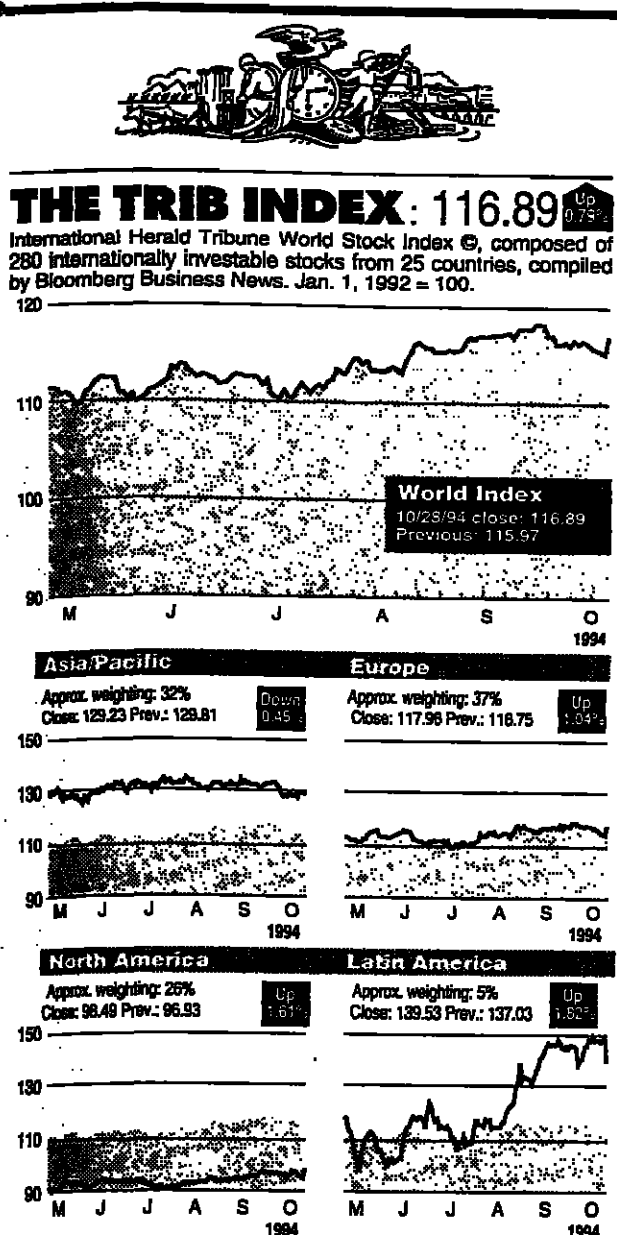
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Mirage of Wealth in Saudi Desert

Strapped for Cash, Kingdom Is Facing Budget Cuts

By Clay Chandler
Washington Post Service

RIYADH — When Iraqi tanks rumbled into position along the Kuwaiti border this month, Saudi Arabian government and business leaders joked that they could not decide which posed the greater threat: the return of Saddam Hussein's Republican Guard, or paying for the tanks and troops President Bill Clinton sent to force an Iraqi retreat.

Despite its prosperous image, this oil-rich desert kingdom is painfully strapped for cash. Saudi Arabia's treasury, which swelled to legendary proportions in the 1970s, has been depleted by falling oil prices, budget deficits and the staggering cost of the 1991 Gulf War.

Saudi rulers, who financed a desert agricultural program that sends tulips to Holland and mushrooms to France, are struggling to cut government spending. They have imposed a moratorium on new projects and stretched out payments to the biggest suppliers, including such U.S. industrial giants as Boeing Co. and McDonnell Douglas Corp.

But many Saudi and Western analysts believe the descendants of Ibn Saud, the charismatic patriarch who founded the kingdom at the turn of the century, have reached a day of reckoning. Unless Saudi rulers move swiftly to implement far-reaching budget reforms, what is now described politely here as "the cash-flow problem" could escalate into a full-blown financial crisis.

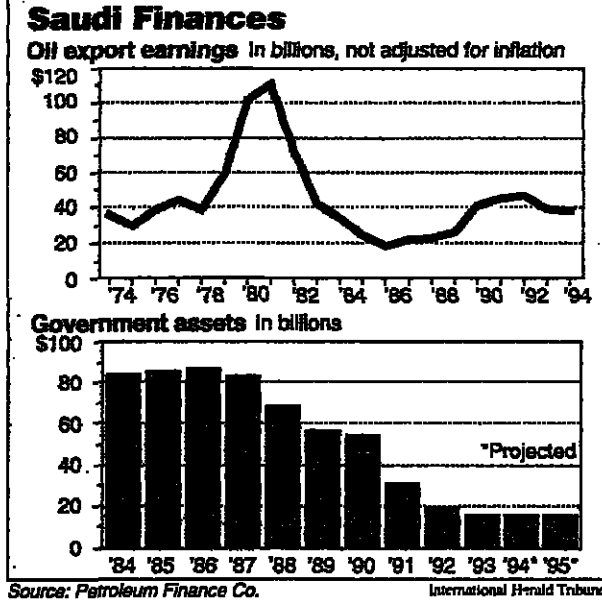
At issue is the social contract struck between the Saudi royal family and its 14 million subjects. Over the past two decades, the family has used the legacy of the 1970s oil boom to suspend the most fundamental premise of economics: scarcity of resources. They established the world's most extravagant welfare state, providing interest-free home loans, free health care and cut-rate telephone service, with virtually no taxes.

"The problem is that we have all been spoiled for 20 years," said a prominent Saudi prince who plays an active role in policy-making. "We have become too accustomed to receiving help from the government. Sometimes I wonder if it will be possible for us to get used to life as an ordinary economy."

How well the Saudis cope with their fiscal dilemma matters enormously to the United States. The kingdom is America's most important Arab ally, its largest and most reliable foreign oil supplier and a major consumer of U.S. exports.

Mr. Clinton's stop Friday in the kingdom and his meeting with King Fahd underscored the importance of that relationship. But it also highlighted recent tensions brought on by Saudi Arabia's money woes. Among other issues, Mr. Clinton was expected to press the king on a Saudi promise to purchase \$6 billion of commercial aircraft from Boeing and McDonnell Douglas, administration officials said. The deal, for which Mr. Clinton lobbied intensely, should have closed in May.

While Saudi Arabia sits atop one-third of the world's oil — a supply so vast that the kingdom could pump crude at current rates for at least another century — its fabled



General Electric Takes On BAe In U.K. Bid War

Bloomberg Business News

LONDON — General Electric Co. of Britain began a bidding contest Friday with British Aerospace PLC for the submarine maker VSEL PLC in a battle for control of the shrinking British defense industry.

GEC offered £531.7 million (\$867 million) for VSEL. This month, British Aerospace agreed to acquire VSEL in a deal estimated at about £490 million.

VSEL is the last major prize available to the two largest British defense contractors. It will give the winner a strong edge to secure the government's pending £2.5 billion order for nuclear submarines.

The bid also signals GEC's attempt to wound British Aerospace, Europe's largest defense contractor and a longtime rival. GEC has said it wants to merge British Aerospace with its own defense business.

"By making this offer, if GEC should win, they are significantly weakening what a lot of people think is their ultimate target, British Aerospace," said Paul Pickford, a defense industry analyst at Panmure Gordon & Co. If successful, GEC would deprive British Aerospace of a much-needed cash infusion, from £288 million that is in VSEL bank accounts. That would leave British Aerospace with some major holes to fill on its balance sheet, analysts said. British Aerospace need not VSEL "considerably more than

Snubbing Frankfurt, Deutsche Bank Makes a Move to London

By Erik Ipsen
International Herald Tribune

LONDON — Frankfurt's hopes of becoming a major international financial center suffered a blow Friday from no less an institution than Germany's largest bank.

In a move viewed as confirming London's preeminence, Deutsche Bank AG said it would shift the center of its investment banking activities from Frankfurt to London.

"A truly European bank must have an integrated pan-European management operating from its largest market — that is London for international products," Hilmar Kopper, Deutsche's chief executive, said in a statement.

In London, the announcement was greeted with jubilation.

"This is great news," said Michael Lawrence, chief executive of the London Stock Exchange.

While Deutsche Bank was careful to emphasize that it was not abandoning Frankfurt and that it would continue to expand its investment banking operations there to serve German clients, the move represents a major setback for Frankfurt. The city's stature had been on the rise since Frankfurt won the competition last year to

ECONOMIC SCENE

Will Russia Heed Ruble's Warning?

By John M. Berry
Washington Post Service

S. PETERSBURG — Long lines of people waited in near-freezing temperatures outside currency exchange offices here last week to buy or sell rubles, usually for U.S. dollars.

The sellers, worried that sky-high inflation would continue to erode the value of the ruble, wanted the safety of dollars. The buyers of rubles already had dollars and generally were cashing in \$5 or \$10 to get just enough rubles to see them through a few days.

Everyone had been unnerved by the recent plunge in the value of the ruble against the dollar when the Russian central bank briefly stopped using its shrinking foreign currency reserves to support its currency. In an unstable and uncertain world, the dollar has become a store of value for Russians, or at least those in the cities, where exchange offices seemingly have sprung up on every corner.

The situation in Russia, with more and more rubles required to buy a dollar, contrasts with that of some other countries in the region, including Latvia and the Czech Republic, which have helped stabilize their economies by anchoring their exchange rates to a foreign currency such as the Deutsche mark or the dollar. Using a stable exchange rate as a target has given these countries considerable credibility in financial markets and helped attract foreign investors.

At the same time, exchange-rate fluctuations have provided policymakers with signals as to whether the fiscal and monetary policies were producing the desired results. With so many parts of their economy not yet functioning freely, those clues simply would not have been available otherwise.

The Russian government has not been willing to accept the discipline inherent in adopting a stable exchange-rate target. One striking failure, economists say, has been the use of the Russian central bank to provide credit directly to many state-owned businesses and even to the military. That has put so much money into circulation that inflation has stayed much too high for the ruble to hold its value against currencies such as the dollar and the mark.

At a recent session on central banking sponsored by the Salzburg Seminar in Austria, Joseph Tosovsky, governor of the Czech National Bank, said that "most of the credibility we are gaining has been through a stable exchange-rate policy."

Mr. Tosovsky said that for almost four years his bank has followed a monetary policy that has kept the Czech koruna within a half percentage point of its targeted value against a combination of the dollar and the mark. With inflation running around 10 percent in the Czech Republic, compared with about 3 percent in Germany, holding the exchange rate roughly stable has meant that the real

9 Reasons to Have a Second Passport

A Guide to the Best, Cheapest and Fastest Ways to Get One

This is a totally different reveal-it-all Guide to 51 foreign passports you can get from around the world.

It's not the usual Report about getting a second passport, but a Guide to actually obtaining one - the costs, the bargains, the give-aways, the waiting periods (if any), the conditions, who exactly to contact and where.

Like insurance, the acquisition of a second passport is only useful if obtained at an early stage. It's no use waiting until some kind of catastrophe looms. By then it's too late.

There are, of course, many dubious characters who flout the law and hope to escape their country with new identity papers. This Report is not for lawbreakers like them - but for ordinary, honest citizens whose very life or economic existence could be saved with the help of a second passport.

Here are 9 reasons YOU may need one:

1. Ruthless creditors, litigants or business partners may be hell-bent on driving you into bankruptcy. Several thousand miles of distance between you and them would work wonders.
2. An envious competitor, ex-employee or jilted lover may file an anonymous complaint accusing you of being a tax, alimony or draft dodger. This could put you in danger of having your normal travel documents confiscated.
3. Your divorce-happy partner may be thinking of taking you to the cleaners. Your best hope of salvaging your economic existence may be to emigrate to distant shores.
4. You may get harassed by certain immigration and customs officials for belonging to the wrong countries such as former Yugoslavia, Iraq, Iran, Libya.
5. You may want to take advantage of real estate or employment opportunities reserved for local citizens only - in other countries where you'd like to spend time or earn money (such as Europe).
6. Your current nationality may put you in the dangerous position of being one of the first to be shot at if your plane, ship or train is hijacked (e.g. if you're an American or Israeli citizen).
7. Some countries may confiscate your first passport and prevent you from leaving their country - because it carries a prohibited stamp.
8. You can use a second passport to open confidential overseas bank accounts.
9. You may become increasingly aware of the lurking danger of an outbreak of war in Southern or Eastern Europe, or wherever else you happen to be living, and you'd prefer to withdraw to a less vulnerable area for your personal and financial protection.

CURRENCY & INTEREST RATES

Cross Rates									
	£	DM	FF	Lfr	Yfr	Sfr	Yen	CS	Peso
American	1.65	2.25	1.25	0.20	0.08	—	548	1.35	1.25
British	—	—	—	—	—	—	—	—	—
French	—	—	—	—	—	—	—	—	—
German	—	—	—	—	—	—	—	—	—
Italian	—	—	—	—	—	—	—	—	—
Japanese	—	—	—	—	—	—	—	—	—
Swiss	—	—	—	—	—	—	—	—	—
Yugoslav	—	—	—	—	—	—	—	—	—
Other Dollar Values									
Australia	1.50	—	—	—	—	—	—	—	—
Canada	1.25	—	—	—	—	—	—	—	—
Denmark	1.36	—	—	—	—	—	—	—	—
Finland	1.34	—	—	—	—	—	—	—	—
France	1.66	—	—	—	—	—	—	—	—
Germany	1.93	—	—	—	—	—	—	—	—
Greece	1.36	—	—	—	—	—	—	—	—
Hong Kong	7.80	—	—	—	—	—	—	—	—
India	46.50	—	—	—	—	—	—	—	—
Indonesia	1,574	—	—	—	—	—	—	—	—
Italy	1,366	—	—	—	—	—	—	—	—
Japan	161	—	—	—	—	—	—	—	—
South Korea	1,067	—	—	—	—	—	—	—	—
Malaysia	2.36	—	—	—	—	—	—	—	—
Philippines	49.60	—	—	—	—	—	—	—	—
Singapore	1.36	—	—	—	—	—	—	—	—
Taiwan	24.60	—	—	—	—	—	—	—	—
Thailand	50.40	—	—	—	—	—	—	—	—
United Kingdom	1.00	—	—	—	—	—	—	—	—
USA	1.00	—	—	—	—	—	—	—	—
West Germany	1.93	—	—	—	—	—	—	—	—
Yugoslavia	136.50	—	—	—	—	—	—	—	—

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IF YOU DON'T GET A SUITABLE PASSPORT — YOUR MONEY BACK IN FULL

MARKET DIARY

Stocks Leap for Joy
On News of Growth

Compiled by Our Staff From Dispatches

NEW YORK — Government data showing sustainable U.S. economic growth without troublesome inflation spurred a rally on Wall Street on Friday.

The Dow Jones industrial average finished up 55.51 points at 3,930.66, while gaining issues swamped losing ones by a 5-to-

with General Motors the most actively traded stock on the Big Board. It rose 4 to 40 1/4.

The oilfield-services company Halliburton rose 4 1/4 to 36 1/4 after it reported third-quarter earnings significantly higher than analysts had predicted.

American Brands fell 1/4 to 35 1/4 a day after the Federal Trade Commission said it would take legal action to block BAT Industries PLC's proposed \$1 billion purchase of the company's American Tobacco unit.

On the Nasdaq, Perigo, a maker of nonprescription drugs and personal-care products, fell 2 1/16 to 13 7/16 after reporting little improvement in its first-quarter earnings over the like period last year.

Technology stocks were strong on optimism that sales of personal computers and dynamic random-access memory chips would continue to be strong. Intel rose 1/4 to 62 1/4, and Microsoft rose 1/2 to 62 1/2.

International Business Machines rallied 1 1/4 to 76, and Apple Computer fell 1/4 to 42 1/4, on market talk that cooperation between the two companies was not likely to be as sweeping as earlier expected.

(Bloomberg, A.P.)

U.S. Stocks

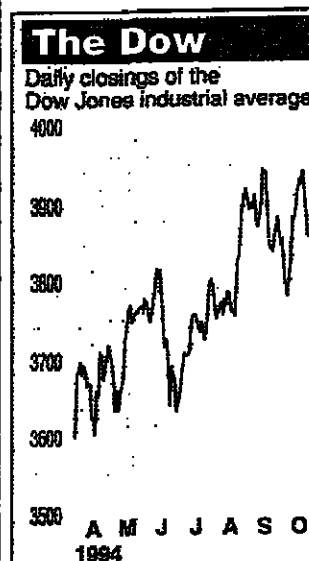
2 ratio on the New York Stock Exchange.

The price of the benchmark 30-year Treasury bond jumped 30/32 point, to 94 25/32, taking the yield down to 7.96 percent from 8.04 percent Thursday and marking the biggest one-day rally in more than two months.

While the Commerce Department said the economy grew more strongly in the third quarter than most analysts expected, growth still slowed from the second quarter and inflation eased.

"The bottom line is, it's the best of both worlds: strong growth with continued low inflation," said Brian Wesbury, chief economist at Griffin, Kubik, Stephens & Thompson, a Chicago-based investment firm.

Overall issues led the rally,



Daily closings of the Dow Jones industrial average

4000

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NYSE Most Active

Vol.	High	Low	Last	Chg.
General Motors	39.75	39.50	39.75	+0.25
IBM	62.50	62.25	62.50	+0.25
Microsoft	62.50	62.25	62.50	+0.25
Intel	62.50	62.25	62.50	+0.25
Apple Computer	42.50	42.25	42.50	+0.25
Oracle	35.50	35.25	35.50	+0.25
Sun Microsystems	35.50	35.25	35.50	+0.25
HP	35.50	35.25	35.50	+0.25
Cisco	35.50	35.25	35.50	+0.25
3Com	35.50	35.25	35.50	+0.25
Lotus	35.50	35.25	35.50	+0.25
Novell	35.50	35.25	35.50	+0.25
Perigo	13.75	13.50	13.75	+0.25
Halliburton	36.25	36.00	36.25	+0.25
American Brands	35.25	35.00	35.25	-0.25
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Perigo	13.75	13.50	13.75	+0.25
Halliburton	36.25	36.00	36.25	+0.25
American Brands	35.25	35.00	35.25	-0.25
Perigo	13.75	13.50	13.75	+0.25
Halliburton	36.25	36.00	36.25	+0.25
American Brands	35.25	35.00	35.25	-0.25

NYSE Most Active

Vol.	High	Low	Last	Chg.
General Motors	39.75	39.50	39.75	+0.25
IBM	62.50	62.25	62.50	+0.25
Microsoft	62.50	62.25	62.50	+0.25
Intel	62.50	62.25	62.50	+0.25
Apple Computer	42.50	42.25	42.50	+0.25
Oracle	35.50	35.25	35.50	+0.25
Sun Microsystems	35.50	35.25	35.50	+0.25
HP	35.50	35.25	35.50	+0.25
Cisco	35.50	35.25	35.50	+0.25
3Com	35.50	35.25	35.50	+0.25
Lotus	35.50	35.25	35.50	+0.25
Novell	35.50	35.25	35.50	+0.25
Perigo	13.75	13.50	13.75	+0.25
Halliburton	36.25	36.00	36.25	+0.25
American Brands	35.25	35.00	35.25	-0.25
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Oracle	35.50	35.25	35.50	+0.25
Sun Microsystems	35.50	35.25	35.50	+0.25
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Oracle	35.50	35.25	35.50	+0.25
Sun Microsystems	35.50	35.25	35.50	+0.25
HP	35.50	35.25	35.50	+0.25
Cisco	35.50	35.25	35.50	+0.25
3Com	35.50	35.25	35.50	+0.25
Lotus	35.50	35.25	35.50	+0.25
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Perigo	13.75	13.50	13.75	+0.25
Halliburton	36.25	36.00	36.25	+0.25
American Brands	35.25	35.00	35.25	-0.25

NYSE Most Active

Dow Jones Averages

Index	Open	High	Low	Last	Chg.
Indus	3975.27	3971.47	3973.47	3973.47	+55.51
Transp	1298.18	1297.77	1298.77	1298.77	+1.45
Comp	1790.21	1787.46	1789.46	1789.46	+2.74

Standard & Poor's Indexes

Index	Open	High	Low	Last	Chg.
Indus	3975.27	3971.47	3973.47	3973.47	+55.51
Transp	1298.18	1297.77	1298.77	1298.77	+1.45
Comp	1790.21	1787.46	1789.46	1789.46	+2.74

NYSE Indexes

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NASDAQ Indexes

Index	Open	High	Low	Last	Chg.
Indus	3975.27	3971.47	3973.47	3973.47	+55.51
Transp	1298.18	1297.77	1298.77	1298.77	+1.45
Comp	1790.21	1787.46	1789.46	1789.46	+2.74

AMEX Stock Index

High	Low	Last
458.33	455.09	458.16

Dow Jones Bond Avera

EUROPE

Credito Romagnolo Spurns Offer From Credito Italiano

Compiled by Our Staff From Dispatches

MILAN — Credito Romagnolo

SpA's board Friday unanimously

rejected Credito Italiano

SpA's bid for a 48.2

percent stake in the bank.

The board said Credito Italiano

offered a 2.3 trillion-lira (\$1.3 billion)

offer was "in no way adequate

with respect to the objective of

taking absolute control of the group."

Credito Italiano already has a 2

percent stake in Romagnolo, so the

purchase of 48.2 percent would

give it a controlling interest in the

smaller bank.

Credito Romagnolo's board

said it was contrary to its interests

to "agree to an initiative that

would lead to the renunciation

of its autonomy to become

a part of a rival bank.

Under Romagnolo's bylaws,

no shareholder can own more

than 10 percent of the bank.

The largest shareholder is Banque

Nationale de Paris, with a

6.8 percent stake, followed by

Cofide SPA, controlled by the

financier Carlo de Benedetti,

with 4.9 percent.

Credito Italiano is offering

19,000 lire a share for Credito

Romagnolo, far above the

13,790 lire Romagnolo was

trading at before the bid was

announced. Romagnolo's

shares finished Friday at 16,800

lire, up 700.

Emilio Ottagio, president of

Credito Romagnolo, said he

had learned of the bid only

through press reports. "It is difficult,

if not impossible, to consider

friendly an initiative that

wasn't preceded by any contact

with me or with the bank," he

told the daily newspaper Corriere

della Sera.

But Egidio Giuseppe Bruno,

managing director of Credito

Italiano, said in a magazine

interview that his bank would

"not let go of the aim of having

the majority stake" in Credito

Romagnolo.

(AFP, Bloomberg, Reuters)

Rift Over OECD Leader U.S. Rejects Extending Paye's Term

By Alan Friedman

International Herald Tribune

PARIS — The United States on Friday

decisively rejected a compromise proposal

by France and Canada that would have

allowed Jean-Claude Paye to stay on for

another two years as secretary-general of the

OECD.

"It is unacceptable," said a U.S. official

in Washington who spoke on the condition he

not be named. "It is not going to happen."

The proposal — aimed at settling a long

dispute over who should be the new head

of the Organization for Economic Cooperation

and Development — called for Donald Johnston

of Canada to take over from Mr. Paye

after two years and serve a full five-year term.

Mr. Paye, 60, left his office Sept. 30 after

failing to win reappointment following 10

years as the OECD chief. The organization's

25 member nations have been deadlocked

over the choice of a successor, and Staffan

Solman, Sweden's ambassador to the

OECD, has been serving as a caretaker since

Oct. 1.

Although France wants Mr. Paye to serve a

third five-year term, Washington supports the

candidate of Mr. Johnston, a former Canadian

politician.

A U.S. official familiar with the dispute

said the proposal from France and Canada

had been rejected because "two years more of

Jean-Claude Paye is much too long to wait for

new leadership."

The official added, "We have indicated

that we support Mr. Johnston, but another

important part of our position is that we need

new leadership at the OECD, and we are on

the record publicly opposing any extension of

Mr. Paye's term."

Diplomats involved in the talks said the

only way Washington might consider extending

Mr. Paye's term would be for a brief

transition period, with Mr. Johnston formally

designated as his successor.

Canada's external affairs minister, Andre

Ouellet, put the proposal to Strobe Talbott,

the U.S. deputy secretary of state, Thursday when

they met during a Group of Seven conference

on Ukraine in Winnipeg, Manitoba.

"This was not the first time the Canadians

have raised the idea with us," the official in

Washington said.

On Friday, Mr. Talbott held talks on the

matter with a handful of officials at the State

Department, including Peter Tarnoff, under

secretary for political affairs. The officials all

agreed to reject the Paris-Ottawa proposal.

In Canada, a Foreign Ministry spokesman

reacted to the U.S. rejection by saying, "To

the extent that there is discomfort with one or

another proposal, we will be looking for other

ways out of this predicament."

BMW's Cars Lead Sales to 8.5% Rise

Compiled by Our Staff From Dispatches

MUNICH — Bayerische

Motoren Werke AG said Friday

that demand for its luxury

cars boosted sales in the

first nine months of the year by 8.5

percent, to 23.8 billion Deutsche

marks (\$16 billion).

"This will have positive effects

on earnings," BMW said.

While it did not give a specific

earnings forecast, the company

said it expects a "satisfactory

fiscal year."

BMW said world unit sales

through September rose 7

percent, to 434,000, led by strong

demand for its 3- and 7-series

models.

It said demand for its cars

was so high that only a lack of

extra capacity kept sales from

being even higher.

Demand rose most strongly

overseas. In Southeast Asia,

unit sales rose 41 percent, to

17,400; in the United States,

they increased 10 percent, to

63,500, and in Japan, they were

up 8 percent, to 20,600.

(Bloomberg, AFP)

Investor's Europe

Frankfurt DAX London FTSE 100 Index Paris CAC 40

2300 2400 2500 2600 2700 2800 2900 3000 3100 3200 3300 3400 3500 3600 3700 3800 3900 4000 4100 4200 4300 4400 4500 4600 4700 4800 4900 5000 5100 5200 5300 5400 5500 5600 5700 5800 5900 6000 6100 6200 6300 6400 6500 6600 6700 6800 6900 7000 7100 7200 7300 7400 7500 7600 7700 7800 7900 8000 8100 8200 8300 8400 8500 8600 8700 8800 8900 9000 9100 9200 9300 9400 9500 9600 9700 9800 9900 10000

1994 1994 1994

Exchange Index Friday Close Prev. Close % Change

Amsterdam AEX 408.05 403.87 +1.28

Brussels Stock Index 7,080.75 7,082.55 -0.03

Frankfurt DAX 2,040.32 2,013.20 +1.35

Frankfurt FAZ 769.34 763.27 +0.80

Helsinki HEX 1,958.79 1,945.83 +0.66

London Financial Times 30 2,345.10 2,310.00 +1.48

London FTSE 100 3,063.80 3,029.60 +1.79

Madrid General Index 291.36 288.30 +1.06

Milan MIBTEL 10120 9,805.00 +3.21

Paris CAC 40 1,905.69 1,888.11 +2.56

Stockholm Allshareindex 1,874.06 1,874.21 -0.06

Vienna Stock Index 417.70 418.30 +0.34

Zurich SBS 886.67 876.57 +1.15

Sources: Reuters, AFP International Herald Tribune

Very briefly:

• Denmark pledged to fully support Scandinavian Airlines System's plans to file suit in the European Court against the European Commission's decision to approve the French government's aid plan for Air France.

• The Association for the Eurotunnel Shareholders asked France to compensate shareholders for delays in granting the company an operating license by buying their shares for 42 francs (\$8.20) each. The shares traded Friday at 19.30 francs, far below their 1987 issue price of 35 francs.

• Argentina, or Corporación Bancaria de España SA, said its nine-month net profit excluding minority interests was 37.72 billion pesos (\$464 million), up 9 percent from a year earlier.

• R.J. Reynolds Tobacco International, a unit of R.J.R. Nabisco Holdings Corp., said it would sell a minority stake in its cigarette-manufacturing company in Kazakhstan to Tekel, Turkey's state-owned tobacco company.

• Reuters Holdings PLC said its revenue rose 25 percent in the third quarter from a year earlier, to £590 million (\$966 million).

• Germany will approve a new ownership structure for Vox TV, allowing News Corp. a 49.9 percent stake; Bertelsmann AG and Canal Plus SA will each hold 24.5 percent.

• Brewin's, a Greek company 50 percent owned by Heineken NV, will buy an 80 percent stake in Zagorka, a state-owned Bulgarian brewery.

• RTZ Corp. said production of copper, gold, molybdenum and coal rose in the quarter ended Sept. 30, while iron and zinc production fell.

• Kenya's currency, the shilling, dropped against the dollar in selling caused by the liberalization of the oil industry; a shilling was quoted at 2.582 cents, down from 2.818 cents. Bloomberg, Reuters

SAUDI: Despite Mirage of Wealth, Falling Oil Prices and Budget Deficits Leave the Kingdom Strapped for Cash

Continued from Page 11

cash surplus has all but vanished.

Analysis estimate that the

kingdom's reserves, which

stood at \$120 billion in the early

1980s, have dropped to about

\$15 billion — \$5 billion less

than the minimum required by

statute to back the currency.

The Saudi government needed a

\$4.5 billion line of credit from

J.P. Morgan & Co. to help

make its \$55 billion contribution

to the Gulf War effort.

Saudi rulers are scrambling

to stop the hemorrhage. In January,

King Fahd ordered that

government spending for 1994

be slashed by 19 percent. This

month, he told the U.S. Treasury

secretary, Lloyd Bentsen,

that he would order similar cuts

next year.

The danger is not that the

Saudis will run out of money.

Rather, it is that they can't seem

to live within their means.

The royal family, which controls

the nation's oil revenue, nearly

doubled government spending in

the 1980s after two sharp but

short booms in oil prices in the

previous decade. When prices

tumbled back to earth, Saudi

rulers began running budget

deficits rather than bringing

spending back in line.

Like any people confronting

budget shortfalls, the Saudis

must choose among three options:

borrow more, spend less

or figure out how to shore up

government revenue. The Saudis

loathe the first option and, thus

far, have been unwilling to

seriously attempt the latter two.

Some Saudi officials insist

that it is time for the government

to begin collecting broad-based

taxes; a few have urged

consideration of a modest

value-added tax. But many Saudis

find such notions far too radical.

In 1987, the government

quickly abandoned its attempt

to tax expatriates when the plan

drew fierce resistance from

employers.

The Saudis are just as wary of

borrowing from foreign lenders.

Seeking large loans abroad

would place them in the same

category as such resource-rich

but cash-poor nations as Brazil

and Chile, shattering the mystique

of limitless wealth.

Moreover, opening the kingdom's

financial dealings to outside

scrutiny would expose the

billions of dollars in revenue

channeled to members of the

royal family, a development

that could undermine popular

support for the regime.

In an interview, Hamad

Sayari, governor of the kingdom's

central bank, argued that

his government could borrow

all it needed from Saudi banks

and state-run agencies. But

Vahan Zanyan, senior director of

Petroleum Finance Co., a

consulting firm in Washington,

said Saudi banks had already

taken on as much government

debt as they could handle. He

predicted that the Saudis would

be forced to borrow at least \$30

billion abroad in the next three

years.

These constraints add urgency

to King Fahd's budget-cutting

effort. Virtually all the savings

thus far have resulted from the

freeze on new projects and the

delay in payments to suppliers,

according to sources familiar

with the budget.

But those measures do nothing

to plug the two largest drains

on the Saudi budget: massive

subsidies and defense spending.

Although much of the Saudi

oil windfall of the 1970s was

invested wisely — on hospitals,

roads, bridges, seaports, and

power plants — a sizable

amount was diverted to social

programs that can't be sustained

in a nation whose population

is growing nearly 4 percent

a year, one of the highest

rates in the world.

Government subsidies touch

every aspect of Saudi life. In

addition to free health care and

interest-free home loans, the

state provides free college education

to all citizens and interest-free

NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
... [Table continues with many rows of stock data] ...											

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
... [Table continues with many rows of stock data] ...											

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
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... [Table continues with many rows of stock data] ...											

REBEL

Available for men and women in 18 ct gold, steel and gold or steel. Scratch-resistant sapphire crystal. Water-resistant to 30 metres. High performance quartz movement. 5 year international limited guarantee.

FRANCE: HEURION, PARIS - MICHAEL, PARIS GERMANY: ANDREAS HUBER, MÜNCHEN - BECKER, HAMBURG ITALY: FAGNOLA, TORINO SWITZERLAND: KIRCHHOFFER, INTERLAKEN LUXEMBOURG: SCHROEDER, UNITED KINGDOM: LAIN, GLASGOW, EDINBURGH HOLLAND: SCHAP EN CHIPSEN, AMSTERDAM ROTTERDAM TURKEY: TEKAS, ISTANBUL SAUDI ARABIA: AL-SHARAH, RIYADH JAPAN: NIMON SIBER HEGNER, TOKYO USA: E. B. KORN, BOSTON SINGAPORE: COOP INT.

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ملکات اسلامی

'Relieved' JAL Surpasses Expectations on Profit

Compiled by Our Staff From Despatches
TOKYO—A rise in international passenger demand helped Japan Air Lines Co. earn more profit than analysts expected in the six months ended Sept. 30, the company's managing director, Osamu Igarashi, said Friday.

"We had the first sales rise in four years and the first operating and current profit increases in three years. We are relieved," Mr. Igarashi said.

Japan's largest international airline posted operating profit of 18.07 billion yen (\$186 million), reversing a loss of 8.41 billion yen a year earlier, as both fuel and labor costs fell. Net profit stood at 11.68 billion yen, after a loss of 3.36 billion yen.

Current profit, a measure of pretax profit, rebounded to 20.59 billion yen from a loss of 7.92 billion yen.

Revenue in the six months rose 5.2 percent, to 526.36 billion yen, as more Japanese traveled overseas. Passenger volume grew 6.7 percent, the airline said.

"The new air fare system pushed up sales. More tourists thought overseas travel was cheaper than before due to the yen's rise," Mr. Igarashi said. Japan introduced a fare system in April that allows more discounts.

"International passenger demand will remain strong in the second half of this year, and demand from domestic passengers is increasing," he said.

International passenger volume rose 16 percent during the period, and international cargo volume rose 11 percent as the high yen boosted Japanese demand for imports.

Analysts said the increase in international passenger volume should continue for the full year. But the high yen is likely to cause greater price competition with foreign airlines whose tickets are denominated in dollars.

The airline said the opening of Kansai International Airport near Osaka created more competition.

Robert Rowland, an analyst with Barclays de Zoete Wedd, said JAL was "making solid progress toward recovery," but other analysts said the company must concentrate on cutting costs further.

JAL said this year's increase in the yen's value against the dollar had caused it large unrealized losses on foreign-exchange rate contracts. The airline had an unrealized loss of 43.89 billion yen on forward contracts, mostly for use in fleet financing, as of Sept. 30.

Naoto Hashimoto, an industry analyst at Nomura Research Institute, said Japan Air Lines was "moving up after reaching the bottom."

JAL hopes to reduce its number of employees to 17,400 from 21,396 by March 1998, Mr. Rowland said.

Analysts said JAL should replace high-paid Japanese pilots with less expensive foreign ones and make cuts in its middle managers.

(Bloomberg, Reuters)

Tobacco-Ad Ban In China May Slow Foreign Companies

Bloomberg Business News

BEIJING—China's new ban on tobacco advertising in news media and public places could hinder international tobacco companies' expansion in the world's largest cigarette market.

The ban, ratified Thursday as part of the nation's first advertising law, comes two months before China must expand foreign access to its cigarette market under an agreement signed with U.S. trade officials two years ago.

The law, which takes effect Feb. 1, bans cigarette advertising on radio and television, in newspapers, magazines, and periodicals. Cigarette ads also will be banned from waiting rooms, theaters, meeting halls, stadiums and other public places.

Any ads that are permitted must carry the warning, "Smoking is hazardous to your health," according to the law.

Half a million deaths in China every year are linked to smoking, according to a recent World Health Organization study.

"Obviously this does damage to tobacco companies," Elaine Ip, general managing director of Saatchi & Saatchi's Hong Kong office, said of the advertising ban. "They can't afford not to keep in touch with smokers."

At stake is a market of 1.72 billion cigarettes a year, accounting for 30 percent of all cigarette sales worldwide.

As Westerners spurn smoking because of health concerns, Philip Morris Inc. and R.J. Reynolds International Inc. of the United States, BAT Industries PLC of Britain and Rothmans Tobacco Co. of the Netherlands have all signed agreements to manufacture cigarettes in China.

"It's still going to be a massive market, the biggest in the world," said Charles Pick, a tobacco analyst at

Panmure Gordon & Co. in London. "But it could be a problem for Western companies who don't already have some sort of brand recognition."

Analysts said, however, that it would be some time before the legislation squeezed earnings.

"The decision will make it difficult at some point, but at this stage it will have only a marginal effect," said Gavin Launder, a tobacco analyst at Goldman Sachs.

Analysts pointed out that China had already banned tobacco advertising in print

'It could be a problem for companies who don't already have brand recognition.'
Charles Pick, analyst at Panmure Gordon

and electronic media for two years, but enforcement has been lax.

But the government has begun cracking down on violations in recent months. This summer, a large billboard for Kent cigarettes was torn down from a television tower in Wuhan, and authorities acted against some regional periodicals carrying cigarette advertisements.

About 300 million Chinese smoke daily, or about a quarter of the population, according to industry analysts.

That proportion may increase after Dec. 31, when Beijing reduces import restrictions that have limited foreign shares of China's cigarette market.

Industry executives say foreign manufacturers' share may grow to 10 percent from 1 percent or 2 percent now.

China Aims Concern at Job Losses

The Associated Press

BEIJING—About 45 percent of China's state-owned enterprises are losing money, and about one-fifth of their employees are not needed, a senior Chinese official said Friday.

More of the companies will be allowed to go bankrupt, but first the government must establish a social-security system to provide a basic standard of living for workers who will be laid off, said Chen Qingtai, vice minister of the State Trade and Economic Commission.

China has 2 million state-owned enterprises of various sizes. They make up a quarter of all businesses and account for 60 percent of the country's annual industrial output.

Planners are considering offering early retirement, giving workers money to help them become self-employed and encouraging them to enter service industries, Mr. Chen said.

Few large state enterprises have been allowed to go bankrupt. The government fears social unrest may result if China starts to allow huge layoffs.

But millions of Chinese workers are paid for contributing little to production, Mr. Chen estimated that 20 percent of the workers in state-owned enterprises were unnecessary.

He said there had been demonstrations and other signs of protest in some areas but that most of the country had been quiet. He did not say whether the demonstrations included strikes.

Mr. Chen said that about 1,500 companies had gone bankrupt but that fewer than half were state-owned.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
1000	2400	2000
1500	2300	2100
2000	2200	2000
2500	2100	1900
3000	2000	1800
3500	1900	1700
4000	1800	1600
4500	1700	1500
5000	1600	1400
5500	1500	1300
6000	1400	1200
6500	1300	1100
7000	1200	1000
7500	1100	900
8000	1000	800
8500	900	700
9000	800	600
9500	700	500
10000	600	400
10500	500	300
11000	400	200
11500	300	100
12000	200	0
12500	100	-100
13000	0	-200
13500	-100	-300
14000	-200	-400
14500	-300	-500
15000	-400	-600
15500	-500	-700
16000	-600	-800
16500	-700	-900
17000	-800	-1000
17500	-900	-1100
18000	-1000	-1200
18500	-1100	-1300
19000	-1200	-1400
19500	-1300	-1500
20000	-1400	-1600
20500	-1500	-1700
21000	-1600	-1800
21500	-1700	-1900
22000	-1800	-2000
22500	-1900	-2100
23000	-2000	-2200
23500	-2100	-2300
24000	-2200	-2400
24500	-2300	-2500
25000	-2400	-2600
25500	-2500	-2700
26000	-2600	-2800
26500	-2700	-2900
27000	-2800	-3000
27500	-2900	-3100
28000	-3000	-3200
28500	-3100	-3300
29000	-3200	-3400
29500	-3300	-3500
30000	-3400	-3600
30500	-3500	-3700
31000	-3600	-3800
31500	-3700	-3900
32000	-3800	-4000
32500	-3900	-4100
33000	-4000	-4200
33500	-4100	-4300
34000	-4200	-4400
34500	-4300	-4500
35000	-4400	-4600
35500	-4500	-4700
36000	-4600	-4800
36500	-4700	-4900
37000	-4800	-5000
37500	-4900	-5100
38000	-5000	-5200
38500	-5100	-5300
39000	-5200	-5400
39500	-5300	-5500
40000	-5400	-5600
40500	-5500	-5700
41000	-5600	-5800
41500	-5700	-5900
42000	-5800	-6000
42500	-5900	-6100
43000	-6000	-6200
43500	-6100	-6300
44000	-6200	-6400
44500	-6300	-6500
45000	-6400	-6600
45500	-6500	-6700
46000	-6600	-6800
46500	-6700	-6900
47000	-6800	-7000
47500	-6900	-7100
48000	-7000	-7200
48500	-7100	-7300
49000	-7200	-7400
49500	-7300	-7500
50000	-7400	-7600
50500	-7500	-7700
51000	-7600	-7800
51500	-7700	-7900
52000	-7800	-8000
52500	-7900	-8100
53000	-8000	-8200
53500	-8100	-8300
54000	-8200	-8400
54500	-8300	-8500
55000	-8400	-8600
55500	-8500	-8700
56000	-8600	-8800
56500	-8700	-8900
57000	-8800	-9000
57500	-8900	-9100
58000	-9000	-9200
58500	-9100	-9300
59000	-9200	-9400
59500	-9300	-9500
60000	-9400	-9600
60500	-9500	-9700
61000	-9600	-9800
61500	-9700	-9900
62000	-9800	-10000
62500	-9900	-10100
63000	-10000	-10200
63500	-10100	-10300
64000	-10200	-10400
64500	-10300	-10500
65000	-10400	-10600
65500	-10500	-10700
66000	-10600	-10800
66500	-10700	-10900
67000	-10800	-11000
67500	-10900	-11100
68000	-11000	-11200
68500	-11100	-11300
69000	-11200	-11400
69500	-11300	-11500
70000	-11400	-11600
70500	-11500	-11700
71000	-11600	-11800
71500	-11700	-11900
72000	-11800	-12000
72500	-11900	-12100
73000	-12000	-12200
73500	-12100	-12300
74000	-12200	-12400
74500	-12300	-12500
75000	-12400	-12600
75500	-12500	-12700
76000	-12600	-12800
76500	-12700	-12900
77000	-12800	-13000
77500	-12900	-13100
78000	-13000	-13200
78500	-13100	-13300
79000	-13200	-13400
79500	-13300	-13500
80000	-13400	-13600
80500	-13500	-13700
81000	-13600	-13800
81500	-13700	-13900
82000	-13800	-14000
82500	-13900	-14100
83000	-14000	-14200
83500	-14100	-14300
84000	-14200	-14400
84500	-14300	-14500
85000	-14400	-14600
85500	-14500	-14700
86000	-14600	-14800
86500	-14700	-14900
87000	-14800	-15000
87500	-14900	-15100
88000	-15000	-15200
88500	-15100	-15300
89000	-15200	-15400
89500	-15300	-15500
90000	-15400	-15600
90500	-15500	-15700
91000	-15600	-15800
91500	-15700	-15900
92000	-15800	-16000
92500	-15900	-16100
93000	-16000	-16200
93500	-16100	-16300
94000	-16200	-16400
94500	-16300	-16500
95000	-16400	-16600
95500	-16500	-16700
96000	-16600	-16800
96500	-16700	-16900
97000	-16800	-17000
97500	-16900	-17100
98000	-17000	-17200
98500	-17100	-17300
99000	-17200	-17400
99500	-17300	-17500
100000	-17400	-17600

Very briefly:

- Manila Hotel Corp. is seeking to raise at least \$63.6 million pesos (\$14.6 million) in an initial public share offering.
- Nikon Corp. announced a pretax profit of 1.2 billion yen (\$12 million) for the six months to September.
- Citizen Watch Co. cut its pretax profit forecast for the year through March 1995 to 10 billion yen from 17 billion yen. It blamed the strong Japanese yen for the reduction.
- Japan's 1994 rice harvest is the best in 26 years, the Agriculture Ministry said. Last year's crop was the worst since World War II.
- Malaysia will be able to hold inflation to no more than 3.8 percent, according to Ministry of Finance projections.
- Matsushita Electric Industrial Co. has no plans to relinquish control of MCA Inc., its president said. The chairman and president of the Hollywood giant are demanding more autonomy.
- China's first television station dedicated to music videos began broadcasting in Shanghai, the Xinhua news agency reported.
- Mazda Motor Corp. of Japan plans to contract Ford Motor Co. to make Mazda cars for the European market, a spokesman said.

Reuters, AFP, AP, Bloomberg, AP

Shiseido Profit Edged Higher In First Half

Agence France Press

TOKYO—Shiseido Co. said Friday its pretax profit edged up 0.9 percent from a year earlier, to 15.9 billion yen (\$164 million), in the six months to September despite lower sales.

The cosmetics company's six-month sales fell 1.5 percent, to 196.8 billion yen, but it said pretax profit exceeded the year-earlier level.

It said sales of cosmetics went up 1.5 percent, to 140.7 billion yen, while sales of toiletries declined 10 percent, to 43.3 billion yen, and sales of foods, pharmaceuticals and other products fell 1.8 percent, to 12.8 billion yen.

Shiseido expects pretax profit for the year to be little changed from the previous year, at 32.5 billion yen.

Tokyo Stays Optimistic Despite Drop in Output

Reuters

TOKYO—Hopes for Japan's economic recovery remain intact despite a drop in industrial production in September and an unemployment rate stuck near record levels, economists said Friday.

The Ministry of International Trade and Industry said that industrial production in September fell 1.5 percent from August, though it grew 1.8 percent from a year earlier.

"The picture is not bad at all. A corrective fall was natural after output grew a huge 3.9 percent in August," Yuji Shimomura, senior economist at Sanwa Research Institute, said.

"What's important is that the output forecast for October and November is very strong. It shows that the economy is advancing at a faster pace."

A ministry forecast projected that manufacturers' output, a major component of industrial production, would rise 0.8 percent month-on-month in October and 2.5 percent in November.

Japan's unemployment rate stood at 3 percent in September, just below the record rate of 3.1 percent reached in May 1997, the Management and Coordination Agency said.

But the jobs-to-applicants ratio rose to 64 in September from 63 in August, meaning there were 64 job offers for every 100 applicants.

Separately, Nippon Steel Corp. said it planned to stop receiving part of its government subsidy for labor adjustments, because of healthy growth in its output.

Cost of Hong Kong Traffic

The Associated Press

HONG KONG—Hong Kong's traffic jams could be costing the colony 18 billion Hong Kong dollars (\$2.3 billion), or 2 percent of its economic output, in lost working hours each year, according to a report issued by Hang Seng Bank on Friday.

"If the time spent in traffic congestion is put to productive use, a 10-minute daily delay for each worker would equal 124 million working hours for the whole economy," the report said. The bank estimated each worker's output at 150 dollars an hour.

Hong Kong has 271 vehicles for each kilometer of road (434 per mile), the highest vehicle density in the world, the report said. If present trends continue, Hong Kong will have more than 375 vehicles per kilometer of road in 2001, and "the overall efficiency of the economy will be seriously impaired," it said.

The bank urged the government to build more roads and railways and promote the use of public transport. In the short term, the government may have to restrict the growth of private cars to ease congestion, it said.

NYSE

Table includes the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

NASDAQ

Friday's 4 p.m.
This list compiled by the AP, consists of the 1,000
most traded securities in terms of dollar value. It is
updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	1993	High	Low	Latest	Chg
A											
100	100	100	AAON					100	100	100	
101	101	101	AAOI					101	101	101	
102	102	102	AAOI					102	102	102	
103	103	103	AAOI					103	103	103	
104	104	104	AAOI					104	104	104	
105	105	105	AAOI					105	105	105	
106	106	106	AAOI					106	106	106	
107	107	107	AAOI					107	107	107	
108	108	108	AAOI					108	108	108	
109	109	109	AAOI					109	109	109	
110	110	110	AAOI					110	110	110	
111	111	111	AAOI					111	111	111	
112	112	112	AAOI					112	112	112	
113	113	113	AAOI					113	113	113	
114	114	114	AAOI					114	114	114	
115	115	115	AAOI					115	115	115	
116	116	116	AAOI					116	116	116	
117	117	117	AAOI					117	117	117	
118	118	118	AAOI					118	118	118	
119	119	119	AAOI					119	119	119	
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121	121	121	AAOI					121	121	121	
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123	123	123	AAOI					123	123	123	
124	124	124	AAOI					124	124	124	
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136	136	136	AAOI					136	136	136	
137	137	137	AAOI					137	137	137	
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148	148	148	AAOI					148	148	148	
149	149	149	AAOI					149	149	149	
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155	155	155	AAOI					155	155	155	
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157	157	157	AAOI					157	157	157	
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166	166	166	AAOI					166	166	166	
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169	169	169	AAOI					169	169	169	
170	170	170	AAOI					170	170	170	
171	171	171	AAOI					171	171	171	
172	172	172	AAOI					172	172	172	
173	173	173	AAOI					173	173	173	
174	174	174	AAOI					174	174	174	
175	175	175	AAOI					175	175	175	
176	176	176	AAOI					176	176	176	
177	177	177	AAOI					177	177	177	
178	178	178	AAOI					178	178	178	
179	179	179	AAOI					179	179	179	
180	180	180	AAOI					180	180	180	
181	181	181	AAOI					181	181	181	
182	182	182	AAOI					182	182	182	
183	183	183	AAOI					183	183	183	
184	184	184	AAOI					184	184	184	
185	185	185	AAOI					185	185	185	
186	186	186	AAOI					186	186	186	
187	187	187	AAOI					187	187	187	
188	188	188	AAOI					188	188	188	
189	189	189	AAOI					189	189	189	
190	190	190	AAOI					190	190	190	
191	191	191	AAOI					191	191	191	
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194	194	194	AAOI					194	194	194	
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196	196	196	AAOI					196	196	196	
197	197	197	AAOI					197	197	197	
198	198	198	AAOI					198	198	198	
199	199	199	AAOI					199	199	199	
200	200	200	AAOI					200	200	200	

AMEX

Friday's Closing
Tables include the nationwide prices up to
the closing on Wall Street and do not reflect
late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	1993	High	Low	Latest	Chg
A											
100	100	100	AAOI					100	100	100	
101	101	101	AAOI					101	101	101	
102	102	102	AAOI					102	102	102	
103	103	103	AAOI					103	103	103	
104	104	104	AAOI					104	104	104	
105	105	105	AAOI					105	105	105	
106	106	106	AAOI					106	106	106	
107	107	107	AAOI					107	107	107	
108	108	108	AAOI					108	108	108	
109	109	109	AAOI					109	109	109	
110	110	110	AAOI					110	110	110	
111	111	111	AAOI					111	111	111	
112	112	112	AAOI					112	112	112	
113	113	113	AAOI					113	113	113	
114	114	114	AAOI					114	114	114	
115	115	115	AAOI					115	115	115	
116	116	116	AAOI					116	116	116	
117	117	117	AAOI					117	117	117	
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120	120	120	AAOI					120	120	120	
121	121	121	AAOI					121	121	121	
122	122	122	AAOI					122	122	122	
123	123	123	AAOI					123	123	123	
124	124	124	AAOI					124	124	124	
125	125	125	AAOI					125	125	125	
126	126	126	AAOI					126	126	126	
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128	128	128	AAOI					128	128	128	
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130	130	130	AAOI					130	130	130	
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136	136	136	AAOI					136	136	136	
137	137	137	AAOI					137	137	137	
138	138	138	AAOI					138	138	138	
139	139	139	AAOI					139	139	139	
140	140	140	AAOI					140	140	140	
141	141	141	AAOI					141	141	141	
142	142	14									

FIRST COLUMN

The Asset Class for The Future?

NCESSITY may well be the mother of invention in some spheres of human activity but, in finance, its relationship to creativity and inspiration is at best tenuous. At worst, it is degrading and inimical to worthwhile, investment-oriented thought — more the child abuser than the loving mother.

Consider the brutish, nasty rape of reason presented by two parallel arguments. One concerns share markets, the other commodities. Both are grounded in simplistic theories of supply and demand. Both are products of an impoverished financial imagination.

Argument number one typically comes to the fore when the world's share markets have had a good run. Investors begin to get nervous about where their investments are headed next and look to find a little reassurance. Investor psychology being what it is, if they can't find a reason to feel comfortable, they look to invent one.

Some put their cash into emerging markets, arguing that developed markets are fully valued (of course, if they are fully valued, the developed markets fall and the emerging-market investor may find himself stuck in an illiquid market).

Others leave their money where it is, claiming that the sheer weight of money rolling into share markets will keep prices buoyant. The "weight of money" argument was particularly popular just before the crash of 1987, when monetary left was shown to be illusory.

Similarly, investors should be aware of those who talk up commodities because they can't think of anywhere else to put their money. More than 20 years ago, brokers and analysts were suggesting wine and even timed beams as hedges against inflation. Why? Because they couldn't think of anything else that would counter the demon.

There are many arguments for and against commodity investment as the asset class of tomorrow. But the idea that commodities are a "buy" because paper assets aren't what they were is specious in the extreme.

M.L.B.

Commodities Markets: Are They Really Just for the Daring Investor?

By Iain Jenkins

Commodities Investing

Page 19

The latest funds
Gold's glister
Lambert platinum
Softs surveyed

THE perfect time was about a year ago. That's when really sharp-eyed investors spotted the nascent, upward move in prices for many products that you can eat, burn, or use to make things. Such investors have made a tidy profit, as prices of commodities such as base metals have risen 52 percent in the last 12 months. Coffee prices, moreover, have soared 161 percent.

The bad news, however, is that most private investors have missed out. Commodities are difficult to invest in and are widely perceived as too dangerous — Hillary Clinton's well-documented success notwithstanding. Indeed, most people think that commodities are best left to the wild traders of Chicago and London or to daring investors who enjoy playing with fire and who can afford to.

But the time may have come for a reappraisal. One reason is that some investors are saying that a bull market in many commodities has only just begun and that a lot more money remains to be made.

A group of revisionists is also challenging orthodoxy which claims that commodities have historically performed poorly when compared with equities. Using new indexes, they argue that commodities have matched the return on equities since the early 70s.

Furthermore, some new investment theories turn prevailing views of commodities on their heads. Some academics now say that putting part of a portfolio into commodities actually reduces its overall risk since commodities tend to go up when equities and bonds go down.

One argument is that of Neil Bresolin, executive director of Goldman Sachs International. He says: "The best chance of making a lot of money in the next three or four years is in commodities. It is not an inflation story. It is a growth story, as the world economic recovery starts to gather pace."

So far, said Mr. Bresolin, the current pattern is similar to previous cyclical upturns. "The first sign of a change in sentiment is when gold does something funny, like it did last year," he said. "Then base metals go crazy. This then feeds through to other commodities. Crude oil should be next to move."

Essential to the bull argument for commodities are several premises with which many analysts appear to agree: that U.S. recovery is well underway and is feeding through to Europe, that Japan will rise next, and that emerging markets in the Far

East will power away for at least the next few years, despite sporadic corrections.

Take copper, which is used in electronic gadgets from mobile-phone circuits to electric windows in cars. As consumer spending picks up, say the bulls, so will the price of copper, which has already surged from a low of 72 cents per pound a year ago to about \$1.20 now.

Furthermore, goes the argument, rises in commodity prices should be non-inflationary. And even if high levels of economic growth do ignite inflation, as the bond market currently seems to fear, commodities couldn't be a better place to be, say observers who insist that commodities can be a hedge against inflation.

Coinciding with growing demand is a shortage of raw materials. After years of low commodity prices, some rubber plantations in Asia have been turned into shopping centers and some copper mines have been shut down.

David Hutchins, who runs a gold and general commodity fund at M&G, the London-based fund manager, says: "We are less than a year into the cycle. Normally, these upturns run from two to two-and-a-half years, with prices increasing over 100 percent. There is no reason that this cycle shouldn't be the same."

Mr. Hutchins pointed to the performance of a basket of metals during the last three cyclical rallies. During the February 1986 to January 1988 upturn, metal prices rose an average of 136 percent. In the previous cycle, from February 1978 to February 1980, the same basket of metals increased 126 percent. And from December 1972 to April 1974, they managed a 163 percent advance. Since November 1993, metals are up 56 percent.

Overall, however, when oil and "soft" commodities such as coffee, cotton, pork bellies and soybeans are included, commodities have increased by only 5 percent since the start of the year, according to the Goldman Sachs Commodity Index, or GSCI.

A good reason to invest in commodities, say the optimists, is that new research suggests commodities have provided a similar return to that of equities over long-term periods. According to the GSCI,

Commodity Versus Equity Returns

Annual average returns, 1970 to 1994

Goldman Sachs Commodity Index	18.1%
FT-SE Actuaries All-Share Index	18.4%
S & P 500 Index	15.0%
Morgan Stanley Capital International World Index	15.0%

Source: Barclays de Zoete Wadd

commodities have had an annual average return of 18.1 percent since 1970, better than the S&P 500 and the MSCI World Index, which each managed an average gain of 15 percent.

This research is controversial because its conclusion runs counter to long-held perceptions that commodities usually perform poorer than equities. This view has been partially based on figures from the Commodity Research Bureau Index, which show substantial underperformance by commodities.

But an increasing number of analysts are saying that the CRB index is no longer appropriate. They argue that it does not paint a realistic picture because it gives equal weighting to commodities such as crude oil and orange juice. And soy products outpace both crude oil and orange juice, with three times their weightings.

The same analysts say that the GSCI is more realistic, since it is based on the capitalization of each product in the \$1.4 trillion global commodities business. BZW Fund Management, which recently launched a \$150 million general commod-

New Commodity Funds

- **Fleming Natural Resources Investment Trust**, a London Stock Exchange investment trust. Manager: Fleming Investment Trust Management, London. Chosen investments: Natural resource company shares. Scheduled to start trading on December 1, 1994.
- **The Commodity Recovery Fund**, a Bermuda-registered open-ended fund. Manager: Sabre Fund Management, London. Chosen investments: Commodity derivatives. Started trading July 1994.
- **Mach I LP**, a U.S. limited partnership. Manager: Machado Asset Management, New York. Chosen investments: Commodity derivatives. Launched October 1993.
- **MG Metals Funds**, Guernsey registered open-ended fund. Manager: MG, a London-based subsidiary of Metallgesellschaft. Chosen investments: Mainly physical base metals. Launched December 1993.
- **BZW Commodities Trust**, a London Stock Exchange investment trust. Manager: BZW Investment Management, London. Chosen investments: Commodity derivatives. Started trading this week.
- **Gabelli International Gold**. Just launched. Focuses on North American, Australian and South African gold mining shares.

ity fund, has joined the band of supporters for this view, and will use the GSCI as a benchmark for the new fund.

Ronald Gould, managing director of BZW Investment Management, says: "Since 1970, you have got roughly the same return from commodities as you have from equities. Furthermore, the volatility characteristics are similar to those of equities."

Mr. Gould also said that by investing in commodities, one can diversify a portfolio in a way that reduces risk but improves returns.

"Commodities are negatively correlated to bond and equity prices, which gives them a powerful diversifying influence on the portfolio," he said. "The diversification benefit is particularly powerful in combination with the historical rates of return."

Mr. Bresolin at Goldmans says: "People take enormous risks with their portfolio by having such a heavy concentration of equities and bonds. To maximize the return to risk, they should have 25 to 30 percent in commodities. But that is too

heavy a come-on for the average investor, who should start with perhaps 5 percent."

The odds, say some, appear to favor a continuation of the upward trend in global commodity prices. However, not everyone is convinced that now is the right time to buy into the sector.

Nick Moore, a director at the Australian brokerage Ord Minnett, says that there are still troubling high levels of stock of a number of metals such as lead and nickel. "We have got the prices, but not the fundamentals," he said. Normally, when prices start to charge ahead, stocks are low.

"We are definitely in the foothills of the next upturn in world commodity prices," added Mr. Moore. "But foothills have downward as well as upward slopes."

Mr. Hutchins at M&G also urged caution. "I wouldn't be surprised to see a setback in the short term," he said. "Some products have gone up in a straight line for almost a year. I still think there is an upside in commodity markets, but I would wait for a pull back in prices before stepping in."

Commodity Indexes Lend Information and Opportunity

COMMODITY indexes, statistical composites that track changes in commodities markets, are of interest to investors for two basic reasons.

First, they can provide advance warning of rises in consumer prices because, over time, commodity prices feed through into market prices for consumer goods. An increase in the price of pork belly futures today, for example, will likely mean more expensive bacon at some point in the future.

The second major attraction of com-

modity indexes is that they provide investment opportunities in their own right, through securities that track the indexes. Goldman Sachs, the U.S. investment bank that launched a commodity futures index in 1991, for example, boasts an array of investment products that track it.

The Goldman Sachs Commodity Index, or GSCI, is composed of 20 major energy, agricultural, livestock and metals commodities that have active futures markets. Each commodity is weighted according to Goldman's assessment of its importance to the world economy.

The J.P. Morgan Commodity Index, or JPMCI, is an example of the newer breed of more narrow indexes. Launched about five weeks ago, it does not include "soft" commodities such as livestock, coffee and other agricultural products. Instead, it focuses on the so-called industrial commodities — energy sources and metals.

A broader index is the Knight-Ridder Commodity Research Bureau's Futures Price Index, or CRB. Traded on the New York Futures Exchange, it averages the prices of 21 diverse commodity futures.

—Aline Sullivan

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THE MONEY REPORT

Playing 'Soft' Pork Bellies and Soybeans

By Baie Netzer

ALTHOUGH trading actual futures contracts can be complicated, the forces that shape the prices of so-called "soft" agricultural and livestock commodities can be simpler to understand than the factors that influence stock or bond prices. It's basically a matter of supply, which is largely determined by weather, and demand.

Futures markets can also signal important economic trends: the first signs of inflation, the direction of consumer preferences, and the changing cost of feeding and nourishing an average family, to name a few.

For investors, however, there is another reason to keep an eye on commodity prices, even if one has no interest in rushing out to corner the market on soybeans: A number of the world's largest companies (and their share prices) are significantly impacted by changing commodity prices.

Profit margins at the Swiss food giant Nestlé SA, for example, will depend partly on the price of cocoa. McDonald's, and other fast-food chains have a huge interest in the price of cattle and pork bellies. Most food companies buy sugar. Experts say, moreover, that a number of commodities will undergo dramatic price swings this year.

Soybeans appear to be swamping the market. Recent drought in Australia has reduced the world's wheat and cattle supplies while frost in Brazil has hurt coffee production. And corporations that use these commodities may need to hedge against price increases of more than 30 percent. Futures traders may thus have a busy year.

Individuals seeking to take advantage of the anticipated activity in agricultural and livestock derivatives can set up accounts with professional commodity brokers. In general, however, such brokers

will only take on high-net-worth clients who can afford a loss of principal and, even then, experts advise investors not to devote more than 10 percent of their overall portfolio to commodities. The risk is simply too high.

Following is a sampling of professional opinion on the commodities markets that are expected to make strong moves up or down in the year ahead.

Foods

Those who believe caffeine makes their hearts race should avoid coffee futures, according to many market observers. After two frosts hit Brazil's crops this past summer, analysts cut their estimates for 1995/96 production in half. As the world's largest coffee producer, Brazil is now expected to harvest 14 million 60-kilogram (132 pound) bags, compared to an earlier estimate of 28 million bags.

But while a tightening in supply has not yet been felt, "we may start to feel it this winter," said Judy Ganes, a commodities analyst for Merrill Lynch in New York.

Before the frost, coffee was trading at a 20-year low of 48 cents per pound. Now, futures contracts have topped \$2.00 per pound and Miss Ganes expects the price to reach \$2.75 this winter.

Brazilian weather also threatened to play havoc with the orange juice market, but a big drop in Brazil's output, Miss Ganes said, will largely be offset by increases in Florida's output. Miss Ganes said that futures contracts for oranges, currently trading at around \$1.10 per pound, may rise to \$1.50 but that "gains are likely to be held back because of another record crop expected in Florida."

Terry Roggensack, a partner at the Chicago-based HighTower Report, a newsletter focusing on commodities markets, noted that the price of cocoa has rallied substantially this year. After hitting 10-year lows in 1992 of \$1,000 per ton, cocoa futures recently traded at \$1,375 per ton.

Grains

At Merrill Lynch in Chicago, grains analyst Mickey Luth said that "the world's wheat balance sheet is the tightest we've seen in 40 years." One reason is that a drought in Australia caused the harvest there to drop by almost half. Production in the United States and Canada has also fallen, and inventories have dropped to minimum levels.

As the drought in Australia progressed this past summer, wheat prices rose to almost \$4.20 per bushel. Now, said Mr. Luth, "it's a seller's market." He said he expects wheat contracts to reach \$4.50 per bushel next year and that "they might even trade at \$5 if there's a weather problem in 1995."

The price of soybeans, however, has yet to hit its low point, according to Mr. Roggensack. He said that the United States is the world's largest soybean producer, and that this year's crop will likely achieve record yields. Exports to Europe and Brazil, where soybeans are crushed to produce soybean oil and meal, have also soared, he said. Since September 1, nearly 396 million bushels of soybeans have been exported.

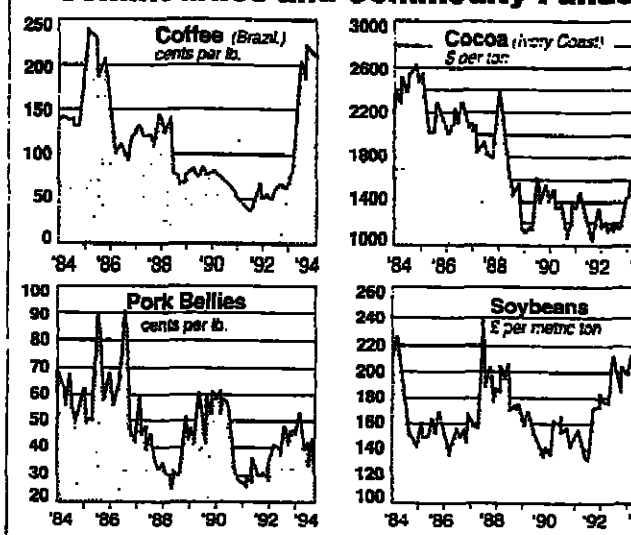
Livestock

Because of record production, U.S. hog farmers have suffered large losses recently. In addition, health-conscious consumers have switched from fatty bacon to leaner cuts of meat. That, analysts say, has had a serious impact on commodity prices.

Pork bellies, for example, from which bacon is cut, were trading at a discount to whole hog prices over the past few years. "The parts are sometimes less costly than the whole because of consumer preferences," explained Mr. Roggensack.

But lately, a trend among fast-food restaurants to offer sandwiches that include bacon has given pork belly prices a lift. Pork bellies recently traded at 41 cents per pound, compared with 33 cents per pound for hogs.

Commodities and Commodity Funds



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Waverley Australasian Gold	191.73
Mercury Intl Gold & General	180.00
Lexington Strat Investments	175.98
S & P Gold & Exploration	165.34
Gartmore CSP Global Resources	153.93
Abbey Commodity & Energy	149.50
Gartmore Gold & Int. Resources	148.52
M & G Gold & General	148.37
TSB Natural Resources	147.93

Over five years to Oct. 17, 1994	
Mercury Gold & General	377.29
Waverley Australasian Gold	306.09
Sageux Fed O Commodity	290.45
GNI Spread	288.02
Orvalor	287.41
TSB Natural Resources	231.02
S & P Gold & Exploration	209.84
Fidelity Adv. Global Resources	192.20
S & P Commodity Shares	181.22
Waverley Australian Gold	181.22

Source: Datastream, Microcap

Mixed Forecasts for Commodity Funds

By Rupert Bruce

THE recent surge in the price of gold and some other commodities has handed the few veteran commodity funds healthy profits and encouraged many imitators.

Indeed, fund providers in New York and London have launched funds designed to benefit from a sustained upturn and, after almost two decades of neglect, the commodity fund seems to be back in vogue.

The Fleming Natural Resources Investment Trust, which is scheduled to begin trading on the London Stock Exchange on December 1, is the latest of these funds to be launched. It follows in the footsteps of limited partnerships, offshore funds and investment trusts from investment firms like BZW Investment Management, Machada Asset Management, Sabre Fund Management, and MG Ltd., a subsidiary of Metallgesellschaft.

In making its pitch to investors regarding why they should buy shares in the new fund, Fleming uses a classic commodity bull argument. It contends that there are two growing sources of demand converging on the market: one from OECD countries, where aggregate real

GDP is forecast to grow by 2.9 percent next year, and another from the economies of Asia and Latin America, which are widely expected to grow much faster. Fleming adds that oil and metal prices, in real terms, are near their lowest levels in 20 years.

"The expected increase in demand and the low levels of prices in real terms lead Fleming to believe that commodity prices will increase over the life of the company," its marketing document concludes. The investment trust can be liquidated at two-and-a-half years from launch or later.

Fleming's chosen route into the commodities market is by way of shares in natural-resources companies. Mark Lawson-Statham, one of the fund's two managers, says this allows him to choose how highly geared to price movements his investments are, and to benefit from expected increases in the volumes of commodities consumed by the world.

Most other commodity funds have chosen to access the markets by way of derivative instruments such as futures and options. Indeed, very few funds invest in physical commodities because they are sometimes difficult to buy and to sell quickly.

But there are words of caution. Brian O'Neill, manager of the Gartmore Capital Strategy

Fund Global Resources sub-fund, a Jersey registered company, says the rally in commodities will not be universal. It is likely, he believes, to be limited just to certain commodities. He is not, for example, particularly bullish on oil.

Mr. O'Neill, whose fund also accesses commodities by way of natural-resources company shares, is wary about taking bets on rising commodity prices, but he is keen on the theme of increasing volumes.

"We had RTZ in the other day," he said, referring to one of the world's largest mining companies. "And they were talking about volumes rising at 7 or 8 percent in some of their areas. To some extent this may offset falling prices. If prices are stable, then we might have some growth."

Recent figures show that while the gold price, for example, is up more than 12 percent over the last two years, the Goldman Sachs Commodity Index is down more than 8 percent. This is at least partially due to the fact that the index has a weighting of more than 50 percent in oil. The oil price has performed dismally in the recent past, with the price of Brent crude falling from about \$19 per barrel in early August to around \$16.50 currently.

Wayne Peterson, a principal at Morgan Stanley in New

York, says that it's difficult to determine which commodities will benefit from expansion in emerging markets. "From the energy viewpoint, without the infrastructure in place, it is not clear that you are going to expand at the same rate that you would with Western-style infrastructure in place," he said. "In China, for example, you can't just plug up the roads with cars. You need some more roads."

"And, although I feel that there are some very positive developments for things like copper in China, there are questions that remain," Mr. Peterson continued. "While more and more people will be connected to the telephone, it is unclear that they will use copper cable—they may use fiber optics. And in some parts of the world, people prefer mobile phones."

Other analysts say that commodities tend to reduce the risk element of a typical portfolio consisting chiefly of stocks and bonds. "Commodities tend to perform at times when other assets are not performing," said John Demaine, a director of Sabre Fund Management, a London futures-fund manager that launched the Bermuda-domiciled Commodity Recovery Fund last July. "The fact is that if you have commodities as part of your portfolio, they tend to reduce the overall risk."

BRIEFCASE

Baring To Target French Investors With Two Funds

Baring International Fund Managers (France) has announced two initiatives aimed primarily at French investors.

The first is a new fund, the Baring French Growth Fund, which will invest in a balanced portfolio of French shares. The second is the marketing of a global equity fund, the Baring Emerging World Fund, that provides exposure to shares in developing economies. This fund was launched

in Britain in May 1993 and is now available for distribution in France.

For more information, write Baring International Fund Managers (France), 49 Avenue d'Iéna, 75116 Paris; or call (33.1) 53.67.11.00, or fax 40 70 00 52.

Optima to Launch New Fund Focused on Eastern Europe

Optima Management Partners is launching a new vehicle focused on Russia and Eastern Europe. Managed by Gerry Manolovici, formerly a director of Soros

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For more information, call Optima Fund Management in Bermuda on (1.809) 295.8458; or fax (1.809) 292.6274.

In next week's Money Report: Media and telecom investing.

The Money Report is edited by Martin Baker

Will Gold Keep Its Historical Shine?

IN MARCH of 1993, a time that many pundits cite as the beginning of an ongoing bull market in gold, one reason offered for optimism was the rising level of affluence in Asia and the Far East, regions where possession of physical gold—in jewelry or in other forms—carries a particularly high value.

Today, however, the jury still appears to be out on two questions: whether there will be a sustained leap in demand from those areas, and whether, indeed, we are in the midst of a long bull market in gold after all.

Andy Smith, a precious metals analyst at the investment bank UBS in London, is negative on both points. First, he said that forecasts of enormous demand from developing countries were not well founded. As for the gold price itself, which has been hovering around \$390 an ounce, his prediction for a year from now is \$350.

Conversely, Julian Baring, manager of the Mercury International Gold and General Fund, a Jersey-registered fund, speaks of the present bull market in gold. If previous bull markets are anything to go by, he says, the gold price might rise to \$500 before any sustained fall.

Famed hedge-fund manager George Soros and a well-known speculator, Sir James Goldsmith, brought attention to the gold price's strong upward move in 1993's second quarter when Sir James, in a blaze of publicity, sold gold shares to Mr. Soros. He then was reported to have invested some of the proceeds in gold call options.

Gold rose from around \$330 in January 1993 to crash the \$410 barrier in late July, and then settled back to the \$390 range by the end of the year. Since then, however, it has generally stuck in a narrow range between \$370 and \$395. If we are in a bull market, say some analysts, the gold price is pausing for breath.

Looked at in other major currencies, the recent past is even less rosy. According to Gold Fields Mineral Services, the London-based gold research group, the Deutsche mark price for an ounce of gold fell from an average of 674 DM (\$449) in January to about 605 DM in September. In Switzerland, the average price fell from 569 francs (\$458) an ounce to about 505 francs. And in Tokyo, the average price fell from 1,385 yen (\$14) per gram to 1,244 yen.

Some observers say that German and Japanese investors have been among the most ac-

ing of Mercury Asset Management.

"I am told by many people that gold has just become another commodity, and, therefore, that it is very uninteresting and does not go up when there is a political crisis," he said.

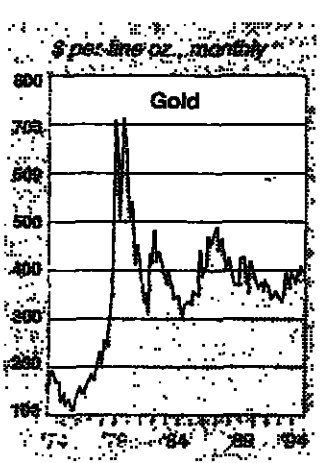
"But what many people have not noticed is that commodities in general are going up. If they would look at the rises we have had so far in commodities, they would see that while the rises are significant, they are not what we would expect in a commodity cycle. I would say that the top of the cycle would be when economies are going flat out."

"The American economy might be at that stage, but not the economies of Europe and Japan. I suspect that over the next two or three years we will see the American economy throttled back somewhat but also an improvement in Europe and also in Japan."

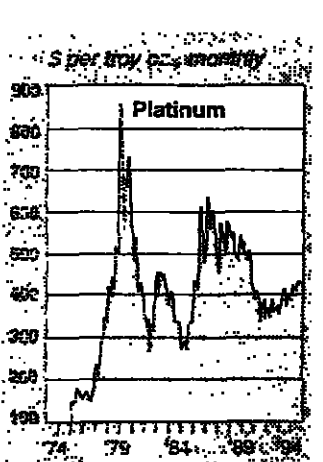
Mr. Baring concluded that he expects commodity prices to rise by up to 75 percent from current levels. "Because gold is monetary currency, we would not expect to see it go up nearly as much as base metals, but about a third as much," he said. "I think we want to look at the peaks of previous commodity cycles. For gold, we will find that to be at a price of about \$500 an ounce."

Mr. Smith's long-term pessimism rests on expectations for a stronger dollar and higher interest rates. A stronger dollar makes gold more expensive for holders of other currencies, while higher interest rates make cash returns a more tempting alternative.

To many gold investors, however, the short-term price may be of little importance. Indeed, people in Asia and other parts of the developing world have long had a penchant for gold as a long-term investment. The Hindu marriage season in India spurs a big increase in gold demand, for example, as Indians traditionally give 22 or 24 carat



Source: Datastream



Source: Datastream

jewelry which is a reliable and portable store of wealth.

But gold has also been long valued by more mainstream Western investors as an effective hedge against inflation. Many central banks still see it as the ultimate long-term store of value. While many central banks, including those in Holland and Belgium, were large sellers in 1992, the Bundesbank, in a 1993 statement, reaffirmed the importance of gold reserves.

Even short-term bears like Mr. Smith believe in gold's ultimate worth. "In real terms, gold has retained its value over a couple of hundred years," he said. "It is not subject to system risk, and it is not somebody else's liability like shares and bonds."

—Rupert Bruce

Platinum's Fate Tied to Auto Sector

By Digby Lerner

THOSE who invested in platinum in the mid-to late 1980s, and who've stayed in the game, have found the 1990s rather disappointing.

From a record high of \$670 per ounce in 1986, and despite some further impressive leaps as the 1980s boom played itself out, the price of platinum has since struggled to breach the \$400 mark.

Platinum has long been used widely by the chemical, glass and electrical industries, and its use in catalytic converters has made auto manufacturers the single biggest platinum buyer of the past two decades.

But despite recent growth in demand from jewelry makers, who constituted the largest market for platinum before high auto-industry demand developed, the latter's troubles of late have softened the overall market.

This trend, along with a decline in the number of private investors buying platinum bullion, has led to oversupply in each of the past four years and helped hold down the metal's price.

However, the link between platinum's fortunes and the global auto industry has an upside: Analysts predict a rise in the price of platinum as economic recovery firms up in many parts of the world.

"It's not necessarily bad to accumulate stock if the accumulators are confident they can pass it on at a better price," said Jeremy Coombs, marketing manager at Johnson Matthey PLC, a London metals refiner.

As the average price of platinum continues to head upward, some analysts are heralding the arrival of a long-awaited bull run. But they differ on how strong the recovery will be, and even the most optimistic forecasts come with numerous financial health warnings. This is because the precious metals market is notoriously volatile.

Tim Peterson, a mining analyst at James Capel & Co., the London-based brokerage, is confident that the platinum price will continue to increase throughout 1994, but admits that the market is hard to predict.

"We're anticipating a price of \$440 per ounce next year, but you have to allow a margin of

"In February, we recommended buying across the whole platinum sector. Right now, we think the market is valued fairly."

Tim Peterson, mining analyst, James Capel & Co.

error in that," he said. "The momentum is upward, but it could be slower than we expect."

Rhona O'Connell, a partner at T. Hoare & Co., a London investment management firm, is more optimistic that the surplus will soon evaporate.

"We're expecting a surplus this year of probably less than 200,000 ounces," she said. "But when Japanese investments are included, the chances are that platinum will have to be pulled from stocks to meet demand."

Japan's jewelry market is extremely important for platinum producers and has helped bolster demand throughout the recession, added Miss O'Connell. Investors wishing to gain exposure to the platinum market can do so in several ways. One is to buy the metal directly in the form of bullion or coins.

According to Mr. Peterson, however, this route is best suited to coin collectors rather than those hoping to benefit from rising platinum prices. "With

coins you have to pay a premium, and they can also be difficult to trade," he said. "They are not as liquid as gold bullion coins, which have a bigger market."

Instead, say analysts, mining shares are considered the best way for private investors to gain exposure to platinum. Well-known mining equities include Rustenburg Platinum Holdings and Impala Platinum Holdings, both South African, and Western Platinum/Eastern Platinum, which is almost wholly owned by the U.K.-listed Lonrho PLC.

Unfortunately, the predicted growth in platinum prices may already have been discounted by stock markets, said Mr. Peterson. "In February, we recommended buying across the whole platinum sector. Right now, we think the market is valued fairly."

Mr. Peterson suggested that those who missed the boat in February should stay out of the market for a while longer, even though there may still be some upside in platinum prices in the near term.

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SPORTS

Bagwell Sweeps NL MVP With a Ruth-Like Record

By Robert McG. Thomas Jr.

NEW YORK — Jeff Bagwell, the Red Sox reject who led the National League in four key batting categories as a first baseman for the Houston Astros, has been unanimously voted the league's most valuable player, strengthening his reputation in Boston as the second going of Babe Ruth.

Bagwell, a .368 hitter who led the league with 116 runs batted in, 104 runs scored, 301 total bases and a .750 slugging average in a strike-attenuated 115-game season, swept all 28 votes in the balloting by the Baseball Writers Association of America.

In amassing 392 points, Bagwell, Houston's first MVP — and the first with a mother who is a police sergeant, in Old Saybrook, Connecticut — became only the 11th player and the third National League to win by a unanimous vote since the award was created in 1931. The other National League winners were Orlando Cepeda of the St. Louis Cardinals in 1967 and Mike Schmidt of the Philadelphia Phillies in 1980.

Matt Williams, the San Francisco Giants' third baseman who led the league with 43 home runs, was second to Bagwell with 201 points. Moises Alou of the Montreal Expos was third with 183, while Barry Bonds of the Giants, who had

won three of the previous four awards, was fourth with 144 points.

Following the selection of Frank Thomas of the Chicago White Sox as the American League's most valuable player on Wednesday, Bagwell's award Thursday marks the first time that first basemen from both leagues have won in the same year.

"It's very flattering," Bagwell said of the voting in a conference call. "It means more to me than you can possibly imagine."

The 26-year-old Bagwell, whose 39 home runs were second to Williams's 43, acknowledged that he had had a banner year in what would have been his third full season.

"I don't think I could have played much better than I did," he said.

Indeed, few have. Among other things, his .750 slugging average has been exceeded by only three players and his remarkable achievement of driving in an average of more than a run a game over a season has been bettered by only a dozen, all in the era of the 154-game season.

The achievement by Bagwell, whose left hand was broken by a pitch from Andy Benes of San Diego in his 110th game, was even more remarkable since he needed only 109 games to drive in all 116 runs.

Bagwell had broken the same

hand after being hit by a pitch near the end of the 1993 season. He said it had now fully healed. "I learned my lesson," he added, saying that he would wear a protective pad over his batting glove next season.

A Connecticut native who played for the University of Hartford before being drafted by Boston in 1989, Bagwell played two minor league seasons before being traded to Houston in August 1990 for Larry Andersen, a relief pitcher now with the Phillies.

As Bagwell, the National League's rookie of the year in 1991, emerged as a superstar, the trade was derided by Boston fans as the worst Red Sox deal since Ruth was sold to the Yankees in 1920.

At the time of the trade, Bagwell was a third baseman with a .333 batting average for Boston's New Britain farm club, and the Red Sox, believing Wade Boggs would hold down third for years, felt Bagwell was dispensable. By the 1993 season, Boggs was with the Yankees and Bagwell was a starting first baseman.

Out of fairness to the Red Sox management, it should be noted that not even Bagwell, who hit only 4 home runs in 136 games with New Britain in 1990, could fully explain his stunning improvement.

"I can't even tell you how I went from 20 last year to 39," he said, "much less from 4."



DRIVEN — Bobby Hurley, coming back from near-fatal injuries suffered in an auto accident, driving on Detroit's Lindsay Hunter. The usually accurate Hurley made just 2 of 8 shots and 3 of 7 free throws for 7 points as his Sacramento Kings lost, 107-91.

SIDELINES

Mercedes-McLaren Pact Made Official

STUTTGART (Reuters) — Mercedes confirmed one of Formula One's worst-kept secrets Friday when it announced it had signed a five-year partnership with the McLaren racing team.

Mika Hakkinen will drive one car, McLaren chief Ron Dennis said, "but the remaining seat is an open issue and it will be not be resolved until the end of November."

Dennis said he still hoped to persuade the current Formula One leader Michael Schumacher to join the British-based team for 1995. But in a statement released later in the day, the German driver said, "I would like to confirm that I will be driving for Benetton for the 1995 season."

NHL Offer Easy for Players to Refuse

TORONTO (AP) — NHL players have rejected an ownership proposal to open the season while a study was done on the league's financial health.

"Obviously and without any doubt we have no interest in their proposal," union chief Bob Goodenow said Friday. "And we are still waiting for a reply to our request for financial data."

Jeffrey Pash, the league's vice-president and general counsel, wrote Goodenow on Wednesday saying the NHL would provide the union with complete financial information if the players returned to work under the league's terms while the teams' books were being independently audited.

For the Record

The Japan Sumo Association said Friday it plans to hold a three-day exhibition tournament in Paris next October that will include 40 upper-division wrestlers, Kyodo News Service reported.

Steve Pettengill of the United States became the second solo sailor to finish the first leg of the BOC round-the-world race, reaching Cape Town five days after Isabelle Autissier of France. (Reuters)

Chris Mullin, the star swingman of the Golden State Warriors, will miss the first six to eight weeks of the NBA season with a knee injury, the team said. (AP)

Dan Duva, the boxing promoter, underwent surgery in New York to remove a tumor from his head. Biopsy results are not expected for several days. (Reuters)

Jock Richardson, 35, the last survivor of the 1924 New Zealand rugby union team known as "The Invincibles," has died in Australia, the New Zealand association announced. (AP)

Quotable

• Don King, the boxing promoter, on his favorite subject: "I never cease to amaze myself. I say this humbly."

In the Lamed Lions' Den, Pro Bowler Swilling's a Bone of Contention

By Thomas George

New York Times Service

NEW YORK — Before the National Football League's 1992 season, the Detroit Lions sought Pat Swilling with vigor. They offered him nearly \$2 million a year, but the New Orleans Saints simply matched the offer and Swilling, as a restricted free agent, was forced to remain a Saint.

On the day of the 1993 draft, the Lions tried again. This time they won. Swilling was acquired for Detroit's first and fourth-round picks.

The Lions knew what they were getting. A guy who had started the last 63 consecutive games for New Orleans. Who had made four straight Pro Bowls. A terrific, quick, strong linebacker who had 76.5 sacks. A real pro entering his eighth season.

Last season, his eighth and his first with the Lions, Swilling played most of the year with a troublesome ankle. His tackles dropped to 29. He had 6.5 sacks, his fewest since 1988. His father died late in the year.

The Lions believed Swilling went into a mental and physical funk, although he made a fifth straight Pro Bowl appearance. He would play out of it this season, they thought, until Detroit dropped to 2-4 by losing three straight. The defense had no punch. Coach Wayne Fontes looked around and concluded that Swilling was one reason why.

"I think I was made the scapegoat," Swilling said after he was benched as a starter for Tracy Scroggins, a third-year player, last Sunday. Swilling played mostly on third downs in the 21-16 victory over the Chicago Bears.

"I don't think it's fair," Swilling said. "How is it I get the blame for those three losses? I want to remain in Detroit. I believe we can win. But I don't think I'm getting a straight answer from Wayne on this one."

Fontes replies that he has been as blunt and as honest as any coach can be.

"The thing is, he has always been a great pass rusher. But I didn't think he was being as physical, throwing his body around, as he had been before his dad died. I know that took a toll on him, that and the ankle last year. But to just pick him out of the hat, I'd never do that."

One teammate said that Scroggins has been the better player in practice and in games between first and third downs, and that Swilling only gives the Lions a pass rush.

Another teammate said he didn't think Swilling had played any worse than any other defensive player.

Fontes has always been a master of communicating with his players. In past years he has shown that a coach can be both coach and friend to his players.

But in an era where coaching jobs are at stake every day, and where players are prime to revolt, coaches are edgy. More leadership. That is the solution.

Maybe Fontes has learned that. "I'm gonna do what's best for my team," he said.

The weekend's matchups: New York Giants (3-4) at Detroit (3-4); Barry Sanders leads league in rushing with 889 yards and averages 7.3 yards per carry. Giants have lost four straight, with quarterback Dave Brown having thrown 9 interceptions during losing streak. Odds makers favor Giants by 2 points.

Dallas (6-1) at Cincinnati (0-7): Emmitt Smith leads NFL in rushing touchdowns with 9. Jeff Blake, Bengals' No. 3 quarterback, might start for David Klingler (knee) and backup Don Hollis (shoulder). Cowboys by 15.

Kansas City (5-2) at Buffalo (4-3): Chiefs' plus-9 turnover ratio is best in AFC. Bills' defense allows just 3.3 yards a carry, which ties Raiders for best in AFC. Bruce Smith could make things miserable for Joe Montana, who was knocked out of the game with a concussion on last visit to Buffalo. Bills by 2.

Philadelphia (5-2) at Washington (2-6): Eagles' defense has not given up a 300-yard passing game this season, and Ken Harvey's 8.5 sacks ties

him with Vikings' John Randle for NFL lead. Rookie Gus Frerotte could be making his second consecutive start for Redskins, while Randall Cunningham and Eagles are rolling. Eagles by 7.

New York Jets (4-3) at Indianapolis (3-5): Linebacker Tom Bennett's 7 sacks for Colts ties him for AFC lead with Bruce Smith. But Jets have massive offensive line that should be able to clear way for running back Johnny Johnson. Colts counter with Marshall Faulk. Game rated even.

Cleveland (6-1) at Denver (2-5): Browns' offensive line has given up just 7 sacks in seven games and Broncos' defense has gotten just 6 in seven games. But big test will be how Browns' stingy defense handles quarterback John Elway, who has returned to form the last two weeks. Broncos by 2.

Houston (1-6) at L.A. Raiders (3-4): Oilers' defense has at least 1 interception in 13 of last 14 games, while Terry McDaniel's 5 interceptions ties him with Atlanta's D.J. Johnson for second in NFL. But Oilers are averaging just 13.2 points a game, while Raiders seem to have gotten their act together. Raiders by 8.

Miami (5-2) at New England (3-4): Drew Bledsoe has completed 20 or more passes in last 8 games and leads NFL in passing yards with 2,314. And Patriots, with 19 sacks in last 5

games, have improved pass rush since these teams opened the season against each other. But Dolphins are 5-0 after a bye week, and Dan Marino's quick release gets him out of many jams. Patriots by 1.

Minnesota (5-2) at Tampa Bay (2-5): Vikings have averaged 25.4 points a game since Week 3 and are 4-1 in that span. Bucs have scored just 96 points in seven games. Vikings by 7½.

Seattle (3-4) at San Diego (6-1): Seattle has just 11 sacks (by 9 players); Chargers' offensive line has permitted just 6, which ties Chiefs for fewest in NFL. Further, Seahawks' run defense, in last four weeks, has given up a total of 572 yards. That does not bode well against Natrone Means, who has rushed for 100-yards or more in three straight games. Chargers by 7.

Pittsburgh (5-2) at Arizona (2-5):

Byron (Bam) Morris had 146 yards rushing against the Giants in first NFL start last week. But he also had two fumbles, and Cardinals will come after Morris with everything they have. They could be flat, though, after an emotional-filled near victory against Dallas last week. Cardinals by 1.

Green Bay (3-4) at Chicago (4-3): Packers' Brett Favre has sore hip and Mark Brunell could start Monday night. The defense has not allowed a back to go over 100 yards rushing and has given up just 2 rushing touchdowns this season. Bears have outscored opponents, 66-14, in the fourth quarter. Bears by 2.

Open dates: Atlanta, L.A. Rams, New Orleans, San Francisco.

The matchups were compiled by Timothy W. Smith of The New York Times.

TO OUR READERS IN BERLIN

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SCOREBOARD

BASEBALL

NBA Preseason

Thursday's Games
Charlotte 112, Dallas 91
Detroit 107, Sacramento 91
Milwaukee 114, Minnesota 103
Phoenix 104, Denver 95
Utah 91, L.A. Lakers 88

FRENCH FIRST DIVISION

Lyons 1, Bordeaux 1

CRICKET

THIRD TEST

Cricket-Zimbabwe v Sri Lanka, third day

Sri Lanka first innings: 402

Zimbabwe first innings (overnight 10-1): 224

India vs. New Zealand

New Zealand 204 (28 overs)

India: 271 (40.1 overs)

Result: India won by seven wickets

Pakistan vs. South Africa, one day match

South Africa: 224 (50 overs)

Pakistan: 224 (45 overs to score)

Pakistan won by six wickets

NOKIA GRAND PRIX

In Essen, Germany

Jonas Novotny (CZ), Czech Republic, Sabine

Aspelmann (D), Belgium, 4-4-3; Karina

Masudova, Slovakia, det. Martina Hingis, Swi

zerland, 4-3-4-4-2; two Netball (S), Croatia,

det. Anka Huber (C), Germany, 2-4-4-4-1;

Natalia Medvedeva, Ukraine, det. Brenda

Schmidt (C), Netherlands, 4-3-7-5;

STOCKHOLM TOURNAMENT

Singles, quarterfinals

Boris Becker (G), Germany, det. Michael

Stich (C), Germany, 2-6 (7-3) 6-3; Pete Sam

pras (U), U.S., det. Magnus Larsson, Sweden, 6-

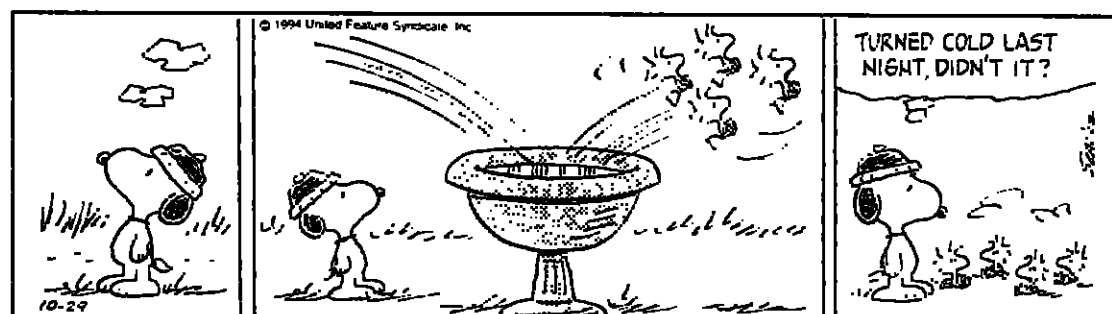
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DENNIS THE MENACE

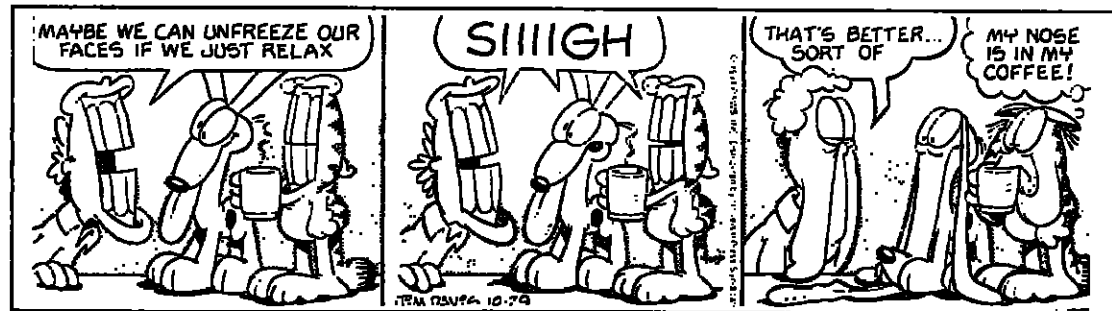


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SPORTS

The Curtain Rises on Venus Williams, 14, Tennis Pro

By Robin Finn
New York Times Service

Venus Williams doesn't talk much, but it wasn't so long ago that her coach, Rick Macci, heard her carrying on an animated chat in the back seat of the van that was taking her home after an exhibition doubles appearance with Billie Jean King.

When Macci, curious, took his eyes off the road long enough to glance in the rear-view mirror, he realized she was talking to her doll.

Now, two years later, Venus Williams is 14 years old and about to turn professional a scant month before the implementation of a conscience-ridden rule adopted by the women's tennis circuit to outlaw future 14-year-olds.

After an extensive study where human exhibits included "burnouts" like Jennifer Capriati, Andrea Jaeger and Tracy Austin, the tennis establishment admitted that there is nothing healthy, except financially, about placing 14-year-olds in the professional workforce.

Venus Williams says she supports the new rule, yet feels duty-bound to circumvent it because she wants, after three years of boycotting the junior circuit, to concentrate on learning to play like a pro.

So her debut will take place Monday or Tuesday in California, her home state, at the Oakland Coliseum arena where the indoor Bank of the West Classic will share a venue with an outdoor concert by the Rolling Stones.

If Venus does not, as Macci euphemistically puts it, "step up to the plate right now and take a swing at it," she'll have to wait until she is 16. And that's too long for a phenomenon whose handlers conceive of her posing a threat at Wimbledon by the time she's 18.

Next week, she'll not only play her first profes-

sional match, but also compete in her first tournament since she was 10. Although WTA Tour officials suggested, in the interest of lessening the limelight, that Venus make an afternoon debut, it seems that both her father and the International Management Group, the agency that not only owns the tournament but is also energetically pursuing her as a client, prefer she plays an evening feature match.

"I don't like having a big row made over me," said Venus, "but I'm expecting lots of people to come and take a peek at me there."

"Maybe a year ago I wasn't sure about this, but I guess right now I'm ready," she added. "There's no obligations at all to this; I don't think about winning or losing, just about seeing if I can believe in myself and do the things I do in practice. It's a learning experience."

Her father, Richard, swears it won't be a business experience, that Venus will be turning pro without signing with a management firm or committing herself to any sponsorships. Her mother, Brandy, calls it turning pro "for the sake of" turning pro.

"My little girl doesn't need an agent yet," said Richard Williams, who likens agents to sharks and is, in the time-honored tradition of tennis dads, highly suspicious of any outsider purporting to know what's best for his daughter.

His "little girl" is 6 feet tall, adept at hip-hop dance steps, and above her brand new WTA Tour T-shirt she wears her hair swept to one side in a cascade of blue-beaded braids that click like dice as she puts in her four-hour afternoon workout.

"She doesn't talk to her dolls anymore," said Macci, who won the competition when the Williams family left California and went shopping for a high-profile Florida coach for their 10-year-old prodigy in 1991, "but these days you could probably hear her having that same conversation with her dog. And

that's when it hits you: this is a 14-year-old little kid who happens to have adult qualities on the tennis court."

Macci, a former mentor of Capriati, is aware of the dangers that accompany this debut of a teenager who, like Capriati, was rendered a celebrity without even playing a pro match.

"I don't think Venus is ready for all the stuff that comes with turning professional," he said. "I don't think any 14-year-old is. But she is ready to play. And because of that new rule, it was my advice to her father that she test the waters now so they're in a better position to pick and choose later."

Richard Williams said he has downgraded his initial public denunciation of his daughter's decision to turn pro.

"She's going to be a ghetto Cinderella queen," he said. "I used to be in front of her. Now I'm behind her all the way. I brought up my children to be able to make decisions, so I support her on this one."

"I don't approve of any kid turning professional at 14," said Williams, who last summer suggested that any parent who allowed such a thing "ought to be shot."

But I'm counting on Venus to make a wrong decision right," he said.

Maybe prodigies are born, not made, but certainly there are ways of facilitating their development. Richard Williams got started early. Literally prematurely.

Venus had not yet been born when her father, who admits he had an ulterior motive in mind when he took up tennis at 38, predicted that she would become a great player.

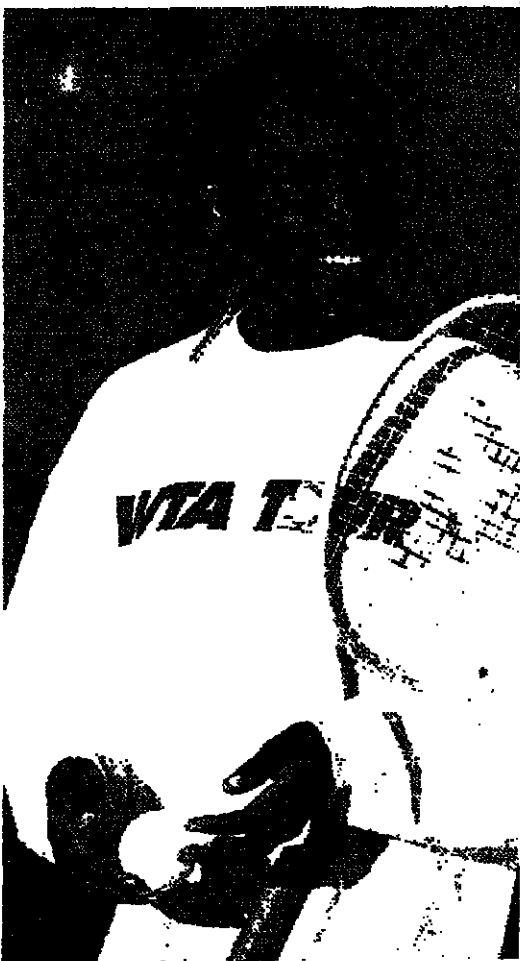
Richard Williams was fonder of tennis back then; now, he said, it has become a sport that fractures families and robs children of a normal education. But the Williams clan, all devout Jehovah's Witnesses, believe the family that prays together stays to-

gether. Venus, as part of her religious duty, makes time for the underprivileged. As part of this commitment, two clinics at schools in Oakland were scheduled.

Richard Williams said he has made sure Venus has seen "both sides of the tracks" wherever the family has lived or traveled: from Compton, California, where she first tried tennis on a hard-scrabble court in a public park that was a second home to gang members and drug dealers, to Florida, where she trained with Macci at the tony Greenleaf Resort but lived in working-class Haines City.

"I've taken her to Skid Row, and she's been around enough ghettos, and enough rich people, to see how she wants to live," he said. "She knows the choice is up to her."

Both Venus and her 13-year-old sister Serena, another imminent prospect, are being schooled at home by their mother.



Venus Williams: Expecting a peek in Oakland.

Langer Fires 62, Leads Montgomerie by 1 Shot

Compiled by Our Staff From Dispatches

SOTOGRADE, Spain — Bernhard Langer shot a course-record 62 Friday at the Valderrama Golf Club and held a one-stroke lead after two rounds of the Volvo Masters, the final event on the European tour.

Langer had a 36-hole total of 133 on the par-71, 6,835-yard (6,248-meter) course. He had nine birdies and the rest pars in his round and led defending tournament champion Colin Montgomerie by one stroke.

Montgomerie shot 65 for the second round as overnight rains made the near-perfect greens easy to putt.

Miguel Angel Jimenez, who shared the first-round lead with Peter Mitchell and Sam Torrance at 65, carded 70 after he got a rare double-eagle on the par-5 17th hole.

Seve Ballesteros stayed on the heels of the leaders with a 67 for a two-day total of 136. Ian Woosnam was at 69-137.

The old course record of 65 was set by José Rivero of Spain in 1990 and had been tied several times, the most recent by Thursday's leaders.

Valderrama, in southern

Spain, will be the site of the 1997 Ryder Cup.

• Rumor has it that a four-some went around the Olympic Club in 66 Thursday at the Tour Championship in San Francisco.

Word was that Steve Lowery, one of the four, had a hole in one and that Bill Glasson nearly spun a 9-iron shot into the cup at No. 18 for eagle, and that David Frost needed just 24 putts and Mark McCumber shot 31 on the back nine.

No one actually saw the first round of the Tour Championship, because of a fog that rolled in off the Pacific Ocean. Players came and went, ghost-like apparitions in the cloud that never cleared.

But in the richest event on this or any other tour — the purse is \$3 million with \$540,000 to the winner — a little thing like a fog wasn't going to keep the top 30 money-winners from their appointed rounds. And in one sense, the damp made things a little easier for them, softening and slowing the greens to make them more receptive to scoring. (AP, NYT)



Bernhard Langer had nine birdies and a chipper feeling.

FIFA's Cut of World Cup '94: \$100 Million

Compiled by Our Staff From Dispatches

NEW YORK — The United States' chances of staging another World Cup, perhaps as early as 2010, have been enhanced considerably by FIFA's release of its financial figures for last summer's tournament.

International soccer's governing body made a net profit of nearly \$100 million from World Cup USA '94, FIFA's general secretary, Joseph Blatter, said Thursday. This was over and above the \$60-million profit already announced by the U.S. organizing committee.

According to the FIFA financial report, the tournament produced revenue to FIFA of \$84,304,500 from ticket sales, \$90,601,644 from television rights and \$60,217,500 from merchandising, for a total of \$235,123,644.

Expenses involved in organizing and staging the event totaled \$135,434,480, leaving what FIFA termed "surplus receipts" of \$99,689,164.

The profit is split, with 30 percent going to the local organizing committee and 70 percent to the national soccer federations. The 24 World Cup '94 teams will each receive more than \$650,000 per team for each game played.

The winner, Brazil, who pocketed nearly \$5 million from its seven-match run at the tournament.

In other matters: • When FIFA awarded the 1994 World Cup to the United States, it insisted the Americans establish a new league. Now, soccer officials say, the new league probably won't happen until 1996.

"For us it is not so important if the league begins today or tomorrow," Blatter said. "For us it is tremendously important the league start with a solid financial base."

Alan Rothenberg, who heads Major League Soccer, said an April 1995 launch still was under consideration. But Blatter's statement left little doubt the league's debut would be postponed.

• In keeping with the lifting of United Nations sanctions against Yugoslavia, FIFA lifted its ban on Yugoslav clubs and the national team for a 100-day trial period.

• Former Argentine star Diego Maradona, banned from "all soccer activity" for 15 months after failing a drug test in World Cup '94, will be allowed

to continue coaching Argentine first division team Deportivo Mandiyu. Maradona does not have a coaching license, but the Argentine federation's president, Julio Grondona, said that will be remedied.

• From now on, tied games in the later rounds of all FIFA tournaments except the World Cup will go to sudden death, including next year's Women's World Championship in Sweden, the under-20 World Youth Cup in Nigeria and the under-17 World Championship in Ecuador.

• "We will call it the 'golden goal,' not sudden death," Blatter said. Games that remain tied after 30 minutes of extra time will be decided by penalty kicks.

(LAT, AP, Reuters)

SCOREBOARD

NBA Preseason

NEW YORK — The New York Knicks defeated the Philadelphia 76ers 91-85 in a preseason game Friday night.

NEW YORK — The New York Yankees defeated the Boston Red Sox 5-1 in a game Friday night.

NEW YORK — The New York Mets defeated the Atlanta Braves 4-3 in a game Friday night.

NEW YORK — The New York Rangers defeated the Pittsburgh Penguins 3-2 in a game Friday night.

NEW YORK — The New York Islanders defeated the New Jersey Devils 2-1 in a game Friday night.

NEW YORK — The New York Flyers defeated the Washington Capitals 4-1 in a game Friday night.

NEW YORK — The New York Penguins defeated the Philadelphia Flyers 3-1 in a game Friday night.

NEW YORK — The New York Capitals defeated the New Jersey Devils 2-1 in a game Friday night.

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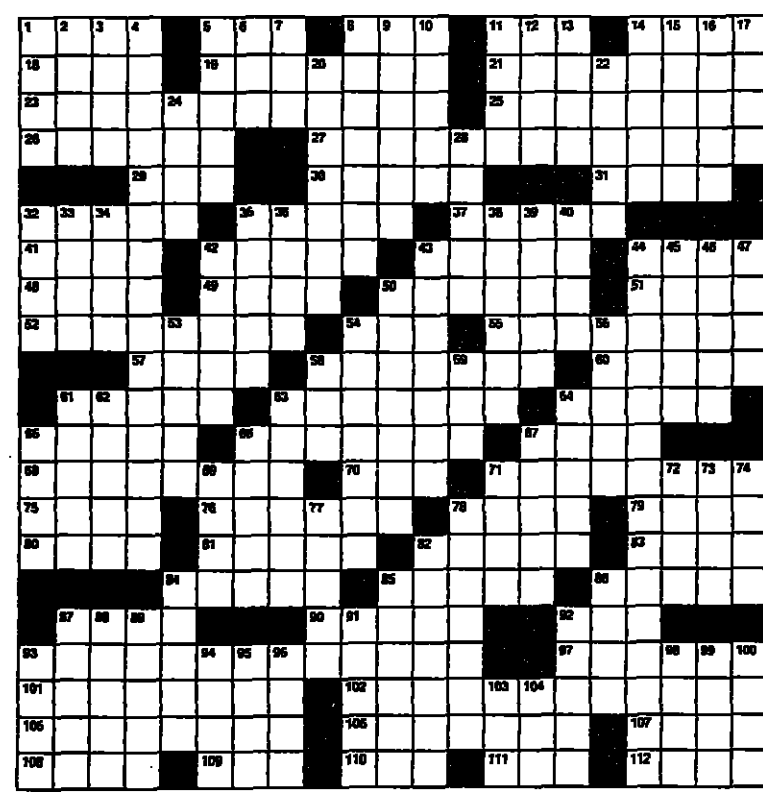
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JUST FOR OPENERS by R. M. Hopkins

- ACROSS**
- 1 Cheese in a mousetrap
 - 2 Rider Haggard romance
 - 3 David Stockman's dept., once
 - 4 Dickens alias
 - 5 "Masters" author, 1951
 - 6 Circle
 - 7 One who has the hives
 - 8 "In the evening when I sit alone a-dreaming..."
 - 9 Arm of the sea?
 - 10 Kind of tea
 - 11 "Oh, give me land, lots of land"
 - 12 Bruiser
 - 13 Beethoven dedicatee
 - 14 Org. for the 20-Down
 - 15 Excel
 - 16 Landslide detritus
 - 17 Curve across the grain
 - 18 Lincoln in-law
 - 19 Selects
 - 20 Popular sports car
 - 21 Like versatile appliances
 - 22 Each
 - 23 Call it —
 - 24 Tax evaders
 - 25 "Turn about"
 - 26 Noted castaway
 - 27 Iranian desert
 - 28 Handbills
 - 29 Gulf north of Somalia
 - 30 Mummer, at times
 - 31 Start, in a way
 - 32 Trifled
 - 33 Top dog at the zoo
 - 34 Some canines
 - 35 — cropper
 - 36 Bracelets
 - 37 Spring
 - 38 Seconds
 - 39 M.I.T. grads, perhaps
 - 40 Least clear
 - 41 Gallimaufry
 - 42 Spray alternative
 - 43 Nut cases?
 - 44 Wipe out
 - 45 Cult film — "From Outer Space"
 - 46 Protective rings
 - 47 Where eagles gather
 - 48 Kids' stuff?
 - 49 Not well
 - 50 Paid (up)
 - 51 Hamlet's father, e.g.
 - 52 Composed
 - 53 Milk: Prefix
 - 54 Where to go for a sport?
 - 55 "Trailer for sale or rent..."
 - 56 Salad bar item
 - 57 Introductory offer
 - 58 "And my love, you do me wrong..."
 - 59 Court official
 - 60 Anomalous
 - 61 Legendary gunfighter
 - 62 They've earned their stripes: Abbr.
 - 63 German spa
 - 64 Common pluralizer
 - 65 Stephen Foster's Nelly
 - 66 "Let us —"
 - 67 Do
 - 68 "...forgive our debtors"
 - 69 Petit four finisher
 - 70 "Casey would waltz with a strawberry blonde..."
 - 71 Map info
 - 72 Bricklayer's burden
 - 73 Printemps follower
 - 74 1983 World Series champs
 - 75 Paul Bunyan's wife
 - 76 Borscht base
 - 77 Restrain
 - 78 U.S. —
 - 79 Wurtzite ingredient
 - 80 Playhouse fare
 - 81 Kitchen gadget
 - 82 Have — of the tongue
 - 83 One of a vitamin complex
 - 84 Seniors, with "the"
 - 85 Special forces unit
 - 86 End of the race
 - 87 Malodorous
 - 88 Kind of horn or line
 - 89 Snake dancers
 - 90 Pop star
 - 91 Nubian Desert locale
 - 92 Family
 - 93 Prospective taxi fan
 - 94 Out-and-out
 - 95 Tabula —
 - 96 Pent up
 - 97 Changes
 - 98 "Starry the night and the waves roll high..."
 - 99 Anti-slip device
 - 100 Reagan nickname
 - 101 "It is to laugh": Fr.
 - 102 "As the blackbird in the spring..."
 - 103 Flawless
 - 104 Gifts
 - 105 Kind of accident
 - 106 Groaner
 - 107 Kind of duty
 - 108 — tramp
 - 109 Monsters
 - 110 Bicker
 - 111 Food processor
 - 112 City south of Düsseldorf
 - 113 Rage
 - 114 Stratford streetcar
 - 115 Plymouth Rocks, e.g.
 - 116 Russo
 - 117 Across Miles
 - 118 Spot
 - 119 Cruel
 - 120 — ammoniac



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Solution to Puzzle of Oct. 22-23

DOWN

- 1 Do
- 2 "...forgive our debtors"
- 3 Petit four finisher
- 4 "Casey would waltz with a strawberry blonde..."
- 5 Map info
- 6 Bricklayer's burden
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- 50 Russo
- 51 Across Miles
- 52 Spot
- 53 Cruel
- 54 — ammoniac

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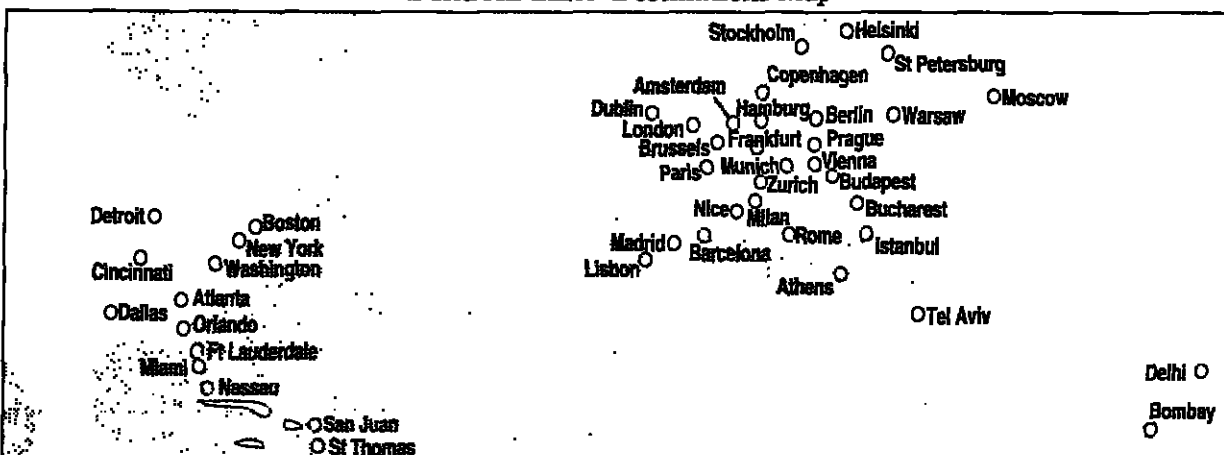
4 Third Prizes:

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4 Fourth Prizes:

Gold Pfeil men's wallets.

Delta Air Lines' Destinations Map



RULES AND REGULATIONS

- 1 Airline tickets are non-transferable and seats subject to availability.
- 2 Travel must be completed by December 31st, 1995.
- 3 Entry must be postmarked no later than November 7th, 1994.
- 4 Valid only where legal. No purchase necessary.
- 5 Entries will not be accepted from staff and families of the IHT newspaper, Delta Air Lines, their agents and subsidiaries.
- 6 No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt.
- 7 No cash alternative to prizes.
- 8 Winners will be drawn on November 15th and published thereafter in the newspaper.
- 9 On all matters, the editor's decision is final.
- 10 The editor reserves the right in his absolute discretion to disqualify any entry, competitor or nominee, or to waive any rules in the event of circumstances outside our control arising which, in his opinion, make it desirable to cancel the competition at any stage.

YOUR RESPONSE:

Blue 18: Public Relations fever in Eastern Europe.

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Herald Tribune

DELTA AIR LINES

You'll Love The Way We Fly

Perils of a House Guest

They do not climb just any tree. We drove past several million normal, sturdy, vertical

All in all, it was an extremely memorable experience that I will devote the rest of my life to trying to forget. I'm looking forward to the day when Ridley is my house guest, so that I can plan an equally fun activity for him. I'm thinking maybe we could play tag.

With chain saws.

Knight-Ridder Newspapers

Britain's Ghost Club: Keeping a Skeptical Watch

MARY BLUME

If England's Society for Psychical Research is the larger and more respected group because of its academic members, the Ghost Club is 100 years older, having been founded during the heyday of spiritualism in 1862. Sir Arthur Conan Doyle and Charles Dickens were among its early members. Perrott, a retired person, is a member of both groups. "The point is if you have a genuine interest — it can mean just in spiritual titillation — it's rather

A major disappointment occurred a few years back when a lady in Islington reported strange noises which, alas, proved to be caused by machinery being used to build an Underground

"Sometimes the ghosts appear to be floating



Conan Doyle would probably spin in
ave but clearly the ectoplasm market is
ge. Just recently a couple spent £430,000
3th-century allegedly haunted house in
shire with a view of making it a tourist
site. It flopped and they are now suing
ndors on grounds of misrepresentation.
ues continues but in all likelihood they
t a ghost of a chance.

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

Europe									
	Today			High			Low		
	C	H	W	C	H	W	C	H	W
Algeria	21	27	19	27	31	23	21	25	17
Amsterdam	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Antwerp	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Athens	2:47	17:82	5:29	5:56	19:79	17:63	2:47	17:82	5:29
Barcelona	2:70	14:57	5:29	5:21	11:01	16:51	2:70	14:57	5:29
Berlin	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Birmingham	2:47	17:82	5:29	5:56	19:79	17:63	2:47	17:82	5:29
Bombay	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Budapest	15:59	7:44	1:45	1:35	9:48	1:45	15:59	7:44	1:45
Copenhagen	9:48	4:29	9:48	4:29	9:48	7:44	9:48	4:29	9:48
Dallas	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Dublin	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Edinburgh	19:05	9:48	1:45	1:35	9:48	1:45	19:05	9:48	1:45
Frankfurt	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Geneva	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Hong Kong	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
London	12:53	8:01	1:45	1:56	11:52	1:45	12:53	8:01	1:45
Madras	19:05	9:48	1:45	1:35	9:48	1:45	19:05	9:48	1:45
Moscow	9:48	7:44	1:45	1:35	9:48	1:45	9:48	7:44	1:45
Mumbai	9:48	7:44	1:45	1:35	9:48	1:45	9:48	7:44	1:45
Nairobi	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Nice	19:05	9:48	1:45	1:35	9:48	1:45	19:05	9:48	1:45
Osaka	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Paris	16:05	16:51	1:45	1:35	9:48	1:45	16:05	16:51	1:45
Perth	12:53	8:01	1:45	1:56	11:52	1:45	12:53	8:01	1:45
Rangoon	19:05	9:48	1:45	1:35	9:48	1:45	19:05	9:48	1:45
Riyadh	9:48	7:44	1:45	1:35	9:48	1:45	9:48	7:44	1:45
Singapore	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Stockholm	6:43	4:29	9:48	4:29	9:48	7:44	6:43	4:29	9:48
Taipei	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Tel Aviv	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Tokyo	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45
Warsaw	10:50	3:27	9:48	3:27	9:48	7:44	10:50	3:27	9:48
Zurich	11:52	8:01	1:45	14:57	12:53	2:48	11:52	8:01	1:45

Oceania									
	Today			High			Low		
	C	H	W	C	H	W	C	H	W
Auckland	19:06	12:53	1:45	19:06	12:53	1:45	19:06	12:53	1:45
Sydney	19:06	12:53	1:45	19:06	12:53	1:45	19:06	12:53	1:45

[illegible]

Asia	Today		Tomorrow	
	High	Low	High	Low
	F	F	F	F
Bangkok	31.98	24.73	30.36	24.75
Beirut	29.85	19.24	27.82	19.29
Hong Kong	24.94	21.70	23.94	21.71
Manila	30.94	24.73	29.94	24.73
New Delhi	30.94	18.24	29.94	18.25
Seoul	17.94	16.24	16.24	16.24
Singapore	31.94	24.73	30.94	24.73
Taipei	31.98	24.73	31.98	24.75
Tokyo	27.94	16.25	26.94	16.25
Yokohama	27.94	16.25	26.94	16.25
Africa				
Algiers	27.94	19.24	24.75	19.25
Cairo	23.71	15.96	21.71	15.96
Cape Town	22.71	15.96	21.71	15.96
Casablanca	27.94	15.96	26.94	15.95
Dakar	14.97	10.24	13.97	10.24
Lagos	25.94	15.97	23.94	15.97
Nairobi	27.94	15.96	26.94	15.96
Tunis	26.73	19.24	25.73	19.25
North America				
Anchorage	12.74	4.92	9.26	4.92
Atlanta	22.71	15.96	22.71	15.96
Boston	21.70	11.25	19.66	10.98
Chicago	14.97	3.07	14.97	3.07
Denver	12.53	1.91	14.57	-1.91
Detroit	14.97	3.07	14.97	3.07
Honolulu	26.94	22.71	26.94	22.71
Los Angeles	19.66	17.62	19.66	17.62
Memphis	19.66	17.62	19.66	17.62
Miami	20.95	22.71	20.94	22.71
Minneapolis	14.97	3.07	14.97	3.07
Monterey	13.55	9.22	10.50	7.94
Nashua	21.98	23.73	21.98	23.73
New York	19.66	17.62	19.66	17.62
Phoenix	31.98	24.74	31.98	24.75
Portland	16.94	14.57	16.94	14.57
Seattle	11.52	6.24	11.52	7.94
San Francisco	16.94	14.57	16.94	14.57
Washington	19.67	10.60	19.67	10.60

GUEST speaker Kermit the Frog, singer, environmentalist and peace activist, urged students at Oxford University debating society on Friday to "be vegetarians in every aspect of their lives." "It is my home then, on behalf of all animals in the world, I am asking you to please clean up your room," he said. He also warned them against "anyone who might turn into princes" because of scandal-plagued British royal marriages, "enough problems."

□

The Beatles are back. Well, Records is coming out with a new album, "Live at the BBC," containing tracks recorded before he died. The fame. It will be released Nov. 19. The album was put together by Martin, who produced all the studio recordings for EMI.

□

Buckingham Palace has denied New York lawyer's claim that Prince Charles consulted him over a \$32 million deal with her estranged husband, Prince Charles. Raoul Felder, an American Fox network that is expected to produce the show, is expecting the payoff. He added

Frog, actor, and amphibian. "I think green is the color of the Earth and of all the things you're talking about," he said. He was saying the family has

has an excellent car. . . . the prince has he is an adulterer." He responded: "The Prince's recollection of Edward Feller nor has she anything about divorce or sex."

The journalist for the French Académie des Lettres said, "La Comédie de l'État account of Stendhal."

EMI said the new double was compiled from the best of their recordings. EMI said George and the Beatles' recordings were

ed a New Actress Diana was on separate husband said on the Diana was that she

Elaine Paige, London in the Andrew Lloyd

se: "Don't forget now
written in a book that
The palace press office
of Wales has no
meeting with Mr.
had any discussions
statements."

□
Édith Vitoux has won
y's literary prize for
erraccia, a fictional
s travels across Italy.

□
housekeeper for 30 years,
us left half of her \$9
or and disabled child
in June, made the
on to her shares of
quired in the 1950s.

□
will donate more than
s, Holocaust Memorial-
ation of an archive of
don to the Holocaust.

□
don's first Eva Peron
Webber stage musical



Norma MacMillan
 back on stage.

will fill in for six weeks as Norma in "Sunset Boulevard" in London. She will take over the week of Nov. 11, when Betty Buckley, who is recovering from a ruptured appendix,

Buckingham Palace has denied a New York lawyer's claim that Princess Diana consulted him over a \$32 million separation deal with her estranged husband Prince Charles. Raoul Felder said on the American Fox network that Diana was expecting the payoff. He added that she

Walt Disney's housekeeper for 30 years, **Thelma Howard**, has left half of her \$9 million estate to poor and disabled children. Howard, who died in June, made the money by holding on to her shares of Disney stock, first acquired in the 1950s.

□ Steven Spielberg will donate more than \$2 million to the U. S. Holocaust Memorial Museum for the creation of an archive of film and video related to the Holocaust.

□ Elaine Paige, London's first Eva Peron in the Andrew Lloyd Webber stage musical



Elaine Paige: back on stage.

"Evita," will fill in for six weeks as Norma Desmond in "Sunset Boulevard" in London. Paige will take over the week of Nov. 21. She replaces Betty Buckley, who is recovering from a ruptured appendix.

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1. *Journal of the American Medical Association*, 1990; 263: 1025-1026.

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